

NSW Environment Protection Authority



Annual Report 2016–17



The New South Wales Environment Protection Authority (EPA) is the state's primary environmental regulator.

- We lead in protecting the health of the community now and in the future by protecting our air, waterways and land.
- We work with communities, governments and businesses to reduce our impact on the environment.
- We hold people and organisations to account through licensing, monitoring, regulation and enforcement.

Our 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.



This report summarises the activities and performance of the NSW Environment Protection Authority in 2016–17.

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Exemplary performance

Record penalties

Satisfied stakeholders



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EPA Chair and CEO Barry Buffier at the Clean Air Summit. Photo: Q Jones/jonesphoto

Message from the Chair and CEO

It is my pleasure to present the EPA's Annual Report for 2016–17.

The EPA leads in protecting the state's land, air, waterways and community health and delivers the Premier's Priority of *Keeping our environment clean*. This report presents highlights from a productive year in which we worked with business, government and the community to address significant human health and environmental issues. These included managing contaminated land, air pollution and waste through best-practice regulation, business and community grants and pollution management strategies.

This year our work program was again closely aligned with our rolling four-year strategic plan. Key achievements included:

- progressing toward the Premier's Priority litter reduction target through initiatives such as *Hey Tosser!*, the 'Report to EPA' mobile app. and regional litter grants
- significant steps toward the rollout of the container deposit scheme, Return and Earn, on 1 December this year, including completing the tender process for the Scheme Coordinator and Network Operators and putting supporting legislation in place
- completion of the EPA-mandated clean-up of coal particle pollution in the Wollangambe River – an important milestone in restoring the health of a valuable river in the Blue Mountains World Heritage Area
- a record \$2.44 million in penalties and fines following 94 successful prosecutions and \$5.2 million in additional fines for environmental infringements
- robust community involvement in developing the 10-year Clean Air for NSW strategy which included extensive public consultation and hosting the Clean Air Summit, at which the Minister for the Environment announced the expansion of air quality monitoring in NSW
- continued strong engagement and leadership on fire-retardant contamination (per- and poly-fluorinated alkyl substances known as PFAS) through our delivery of an \$8-million statewide PFAS program since February 2016, and work with other state EPAs to develop a national PFAS Management Plan
- widespread stakeholder engagement in Broken Hill to boost health screening and reduce blood-lead levels, particularly among Aboriginal children
- publication of koala habitat and threatened ecological communities mapping to ensure that logging operations can avoid these sensitive areas

Letter of submission

The Hon. Gabrielle Upton
Minister for the Environment,
Minister for Local Government,
and Minister for Heritage

52 Martin Place
SYDNEY NSW 2000

Dear Minister

I am pleased to submit the
Annual Report 2016–17 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



Barry Buffier AM

*Chair and CEO
NSW Environment Protection
Authority*

- a measurable reduction in waste generated by small- and medium-sized businesses, thanks to the Bin Trim grants programs
- certification of the EPA as a globally recognised training provider for environmental auditors
- high levels of staff engagement and satisfaction as measured in the *NSW People Matter 2017 NSW Public Sector Employee Survey*, which also showed that staff are proud of their work and believe in the integrity of the EPA.

We maintained strong regulatory performance and met our success measures for many key outcome areas, including:

- 100% response rates to pollution incidents
- conducting risk assessments at all licensed premises
- ensuring that EPA conditions were included in all major infrastructure approvals.

We also experienced some challenges this year. Contaminated land remains a challenging issue and the EPA continues to assess more and more sites that were contaminated years ago by past industries. We will continue to help councils build their capacity to manage these sites and to work with high-risk industries to prevent future contamination and pollution. Four separate reviews into the management of site contamination and hazardous waste since 2014 have shown the EPA's approaches are working well and we will continue to implement many new recommendations to achieve greater protection for communities and the environment. Some outcomes will require additional funding to be delivered.

The EPA stakeholder survey also identified areas where our performance could be improved, including to keep building community awareness of the EPA's role and some perceptions of inconsistency in our regulatory activity. We are addressing these issues including through strategies to build staff capacity for stakeholder engagement and improved customer service.

The EPA Board's Regulatory Assurance Statement, which is prepared by the EPA Board and is available on our website, provides more information on our regulatory performance and forward plans for important issues not covered in detail by this report, including load-based licensing, asbestos and firefighting foam contamination, and interstate transport of waste.

I thank our staff, the community and stakeholders for working with us to protect the environment in NSW for current and future generations.

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

Our performance at a glance

Regulation and enforcement action

[p57]



The EPA issued 10,480 penalty notices for infringements of environmental legislation



\$3^{Over} million
in fines for littering from vehicles

94
successful prosecutions result in record penalties worth
\$2.5 million

Sound strategic and planning advice

[p41]



EPA conditions included in
100%
of major infrastructure approvals

We advised industry and planning authorities on 100 strategic planning matters and processed 83% of planning referrals on time.

Our comprehensive review of the Narrabri Gas Project Environmental Impact Statement identified potential risks and proposed appropriate risk mitigation measures

Effective communication and stakeholder engagement

[p45]



Our Stakeholder survey finds
77%
satisfaction
with EPA's communication methods

Over 300 stakeholders attended the Clean Air Summit, and we received over 130 submissions and over 1100 emails on the Clean Air for NSW discussion paper

The EPA was represented at over 60 important community meetings, information sessions and community reference groups

Improved environmental and human health protection [p14]



214 tonnes
of coal particles
removed from
Wollangambe River



We partnered
with
11 councils
to protect
water quality in the
Parramatta River
catchment



100%
of high-risk logging
operations assessed
for environmental
compliance

Innovative waste management

[p27]



\$35 million
for waste grants

Effective management of environmental incidents [p36]



100%
of licensees have
plans to deal with
pollution incidents



We actioned
76%
of recommendations
from hazardous
incidents debriefs



We responded to
100%
of hazardous incidents
within
30 minutes
of being notified



19%
reduction in litter
volume statewide
since
2013–14

Exemplary and innovative organisation [p50]



82%
of our staff say they
are proud to work
at the EPA



74
specialist training
courses delivered to
900 people



We responded to
over
7500 calls
to Environment Line



**Return
and Earn**
is rolling out
1 December 2017

Looking ahead

In 2017–18, the EPA’s work will align with the priorities set out in *EPA Strategic Plan 2017–21*. We will continue to develop and implement programs to meet these priorities. Some major programs and actions for each priority are listed below.



- **Introduce an easy-to-use container deposit scheme** – We will promote the Return and Earn scheme and help other government agencies prepare for its launch on 1 December.
- **Reduce the volume of litter by 40% by 2020 (Premier’s Priority)** – In March and April 2018, we will roll out the largest *Hey Tosser!* campaign ever.
- **Improve air quality across NSW** – We will finalise the Clean Air for NSW strategy for consideration by the Government in early 2018.
- **Minimise the impact of contamination and hazardous substances in our environment** – We will focus on developing a whole-of-government approach to ensure that polluters pay for cleaning up the environment.
- **Reduce illegal dumping by 30% by 2020** – In addition to finalising and implementing the *NSW Illegal Dumping Strategy 2017–20*, we are implementing a Waste Crime Taskforce to focus on complex and hazardous dumping.
- **Enhance community confidence about environment protection** – We will continue to improve the regulatory framework to encourage industry to minimise pollution.
- **Improve water quality in the Greater Metropolitan Area** – We will continue our campaigns with councils and industries in the Parramatta River catchment to stop pollutants from entering the river.
- **Maintain key native forest values, including threatened species** – We will progress important NSW Government reforms to native forestry legislation and regulation in consultation with stakeholders in forestry regions.
- **Manage NSW waste innovatively** – Extension of the *Waste Less, Recycle More* initiative will inject a further \$57 million into household waste programs.
- **Contribute to planning for the future of NSW** – We will continue work on a consultation draft Protection of the Environment Policy for South Creek catchment.
- **Listen to our stakeholders** – We will continue to build our stakeholder engagement through our community consultative committees, online consultation and dedicated connected communities staff in regional locations.

Section 1: Our organisation



The EPA protects our environment and the community.

Our values:

Integrity

Trust

Service

Accountability

Innovation

Transparency

We work in partnership with business, government and the community to protect human health, reduce pollution and waste, and prevent degradation of the environment. Our regulatory focus ensures we lead in protecting the environment and in guiding our stakeholders and NSW residents to safeguard our natural resources.

We encourage businesses to ensure their activities do not harm the environment and human health by:

- issuing environment protection licences
- requiring strict operating conditions and imposing pollution reduction programs
- monitoring compliance with licence conditions and investigating pollution reports
- ordering the clean-up of pollution
- imposing fines or prosecuting organisations and individuals who break the law.

We also:

- respond to and manage pollution incidents involving hazardous materials, in collaboration with other government agencies
- develop and inform environmental programs and policy
- deliver education and awareness programs
- support activities that protect the environment through grants and sponsorships
- provide technical support and expertise to other government agencies.

Our work is informed by contemporary scientific evidence, best practice management and feedback from our stakeholders. The EPA Strategic Plan sets out our work priorities and key result areas (see 'Our performance'). The plan is updated each year to reflect changes in focus and emerging issues.

The EPA is an independent statutory authority that sits in the Environment portfolio as part of the Planning and Environment Cluster.

Where we work

The EPA head office is in Sydney and there are 18 offices throughout NSW, shown on the map below. Contact details are available on the EPA website: www.epa.nsw.gov.au.

EPA Branches and regions



Our history

1991: The EPA was established under the *Protection of the Environment Administration Act 1991*.

1991–2003: The EPA built a reputation as an effective and innovative environmental regulator.





2003: The EPA was incorporated into a new Department of Environment and Conservation that had several name changes in following years.

2012: Following a major pollution incident at Kooragang Island in Newcastle, the EPA was re-established as an independent authority with a clearly defined mandate and enhanced powers.

Who we work with

Protecting the environment is everyone's responsibility, which is why we work with communities, government and businesses to reduce impacts to the environment. In both our Strategic Plan and carrying out our responsibilities under the *Protection of the Environment Operations Act 1997*, we commit to listening to and creating opportunities for involvement for our stakeholders. We seek to build relationships through trust and mutual learning.

We work closely with the following key stakeholders.

Community	Environment groups	Government	Industry and business
			
Includes individuals, groups, members of EPA community consultation committees and all other community members who might be affected by environmental issues and incidents.	Includes small local or issue-based groups and large non-government conservation organisations. Participants may be involved in consultation, sit on community consultative committees or be grant recipients.	Includes local government and other state and federal agencies such as emergency services. May be partners, co-regulators, grant recipients, advisors and environment protection licensees.	Ranges from large-scale construction and mining industries to small businesses. Includes environment protection licensees, peak bodies and grant recipients.

External factors affecting the EPA

It is important for the EPA to be aware of changes in patterns of growth and consumption at local, national and global levels that may put pressure on the environment and community health and the environmental performance of households and businesses. For example, population growth can lead to an increase in waste, while economic change or uncertainty can affect the ability of businesses to comply with the requirements for environmental regulation. Understanding these drivers helps the EPA work with its stakeholders to prepare for and manage change.

Economic context

Key economic factors that have affected the EPA's operations this year include:

- 2.5% growth in the Australian economy, which is linked to household spending, business and dwelling investment, growth in the public sector and the export of resources
- economic growth in other major economies, such as the United States and Japan, as well as in Australia's major trading partners, most notably China, where property construction and infrastructure investment have maintained demand for iron ore and coking coal, currently two of our most important exports
- core inflation generally remaining low in the advanced economies, including Australia, although with some temporary increases

- recent data (2016) showing NSW population growth to be stable in recent years at around 1.5% per annum, similar to overall Australian population growth.

NSW and Victoria have emerged as the drivers of Australian economic growth in recent years. This has been related to a gradual strengthening in non-mining activity, a depreciation of the Australian dollar since 2013 and low interest rates. NSW gross state product grew by 2.75% in 2016–17 and is forecast to grow by 3% (in real terms) in 2017–18, before stabilising at 2.75% for 2018–2020.

Implications for the EPA

Both NSW and Victoria have a large share of business services activity, reflecting the status of Sydney and Melbourne as large business and financial centres. While the use of materials by business services tends to be lower than in primary and secondary industries, there may be related growth in activities such as investment in dwellings.

Growth in per capita income has been a significant driver of economic growth in NSW. This is likely to lead to increased spending on luxury items such as electronics, which will have an impact on both the amount and types of household waste.

Business investment and public infrastructure spending are expected to drive ongoing growth in construction, which has been supporting employment growth over recent months. Major infrastructure construction projects place a higher demand on the EPA's regulatory capacity to protect the community and the environment from associated impacts such as noise, emissions and increased waste.

Section 2: Our performance



NSW Government objectives

The NSW Government has set its top priorities in *NSW: Making it Happen*. The EPA is directly accountable for delivering the Premier's Priority, *Keeping our environment clean*, and contributes to other state priorities such as *Improving government services*, *Driving public sector diversity* and *Better government digital services*.



An EPA Operations Officer ensures that mature trees are retained in logged areas. Photo: B Mails/EPA

Our achievements in 2016–17 are aligned with the priorities set out in *EPA Strategic Plan 2016–19*.

These priorities are presented as six key result areas, each with corresponding outcomes, strategies and success measures. These result areas are linked to the NSW Government's goals and reflect the importance of the EPA's relationship with government, business and the community.

Key result areas

1. Improved environmental and human health protection
2. Innovative waste management
3. Effective management of environmental incidents
4. Sound strategic and planning advice
5. Effective communication and stakeholder engagement
6. Exemplary and innovative organisation.

The following section reports on our performance in 2016–17 under each of these key result areas.

This year we performed well against most of our success measures. Any challenges that have been identified will be addressed in *EPA Strategic Plan 2017–21* and other strategic documents, such as our stakeholder engagement strategy.

Key result area 1:

Improved environmental and human health protection

Our regulatory activities protect the community and the environment by preventing or minimising pollution and imposing strict environmental standards.

The EPA's goals for this key result area are aligned to our regulatory capacity and key environmental roles as leader, partner and protector.



We completed risk assessments at
100%
of licensed premises

Regulation and compliance

Meeting our risk assessment target

The EPA aims to ensure that all industrial sites holding environment protection licences are regulated according to the level of risk their operations pose to human health and the environment.

We determine risk on a site-specific basis and conduct assessments on the premises in consultation with licence holders. This process helps industry and the EPA to:

- better understand the risks to the environment from operations
- identify where licence holders need to improve their operations to better protect the environment.

Results

The EPA completed detailed risk assessments at all licensed premises by November 2016.

Looking ahead

The EPA is now using the overall risk levels to focus its regulatory efforts on higher risk operations and those shown to be poor environmental managers. Those premises with lower risks, that

are good environmental managers, benefit from regulation that is more appropriate to their low risk level and in particular their good performance.



Wollangambe River clean-up

One of the most significant environmental incidents the EPA dealt with in 2016–17 involved the clean-up of the Wollangambe River in the Blue Mountains World Heritage Area.

In 2015, discharges from Clarence Colliery contaminated the river with fine coal particles. The EPA issued two clean-up notices and monitored the effectiveness of the company's operational response to ensure it did not further damage the river ecosystem.

Results

The clean-up was finalised in July 2016 and was a valuable milestone in restoring the health of an important river:

- Only trace amounts of coal remain in the sample locations in the river and adjacent environment.
- Areas that were affected are showing signs of recovery.

The EPA commenced a prosecution against Clarence Colliery Pty Ltd in the Land and Environment Court for a Tier 1 offence, the most serious under environmental legislation. In July 2017, the court convicted Clarence Colliery of two offences and imposed financial penalties totalling \$1,050,000 – the single largest fine following prosecution by the EPA.

Challenges

The clean-up occurred in remote and difficult terrain and was undertaken by hand. A total of 214 tonnes of fine coal particles were recovered from the river and airlifted in more than 700 helicopter trips out of the Blue Mountains National Park at a cost more than \$2 million, paid for by Clarence Colliery.

Managing pollution from construction

The noise and dust that often comes with construction of large-scale projects can affect liveability and community wellbeing. The EPA issues environment protection licences to the construction industry for major infrastructure works to minimise their impacts and reviews environmental impact statements attached to development applications.

Major transport infrastructure projects under construction across Sydney in 2016–17 included the NorthConnex and WestConnex road construction projects and the Sydney Metro Stage 1 (North West Rail Line).

Results

Compliance and regulatory activities included:

- 100 site inspections and nearly 50 licence variations
- four official cautions and 15 official warning letters
- two penalty notices, a clean-up notice and two prevention notices.

Protecting air, water and land

Reducing the impact of woodsmoke

Woodheaters are a major source of fine particle air pollution. There are significant adverse health impacts from exposure to fine particles, including cardiovascular and respiratory problems.

In 2016, the NSW Government adopted new national standards which set more stringent limits on emissions from woodheaters and improved their efficiency.

During April–June 2017, the EPA audited domestic woodheaters to:

- assess industry compliance with certification and labelling requirements
- improve manufacturers' and retailers' awareness and understanding of relevant legislation and standards.



Results

Legislation was updated to include new emission and efficiency limits for woodheaters sold in NSW.

Thirty major woodheating business in NSW were audited, representing:

- 100% of manufacturers regulated by the *Protection of the Environment Operations Act 1997* (POEO Act)
- 80% of brand distributors and wholesalers
- 80% of specialist retailers

A total of 389 woodheaters were assessed, representing 79% of all brands and models sold in NSW.

The EPA's audit found that most industries selling woodheaters in NSW:

- were complying with the new emissions and efficiency standards for emissions
- but were not complying with labelling and marking requirements.

Non-compliances included:

- compliance plates not permanently attached to heaters or easily visible
- appliances not permanently marked with the words ‘burn only hardwood’ on the fuel-loading door.

The EPA will work with the woodheater industry to resolve these issues.

Looking ahead

The EPA will continue to work with local government and the community on initiatives to reduce the impacts from woodsmoke, including:

- education and training
- social research
- voluntary woodheater replacement programs.



Making the Parramatta River swimmable

The EPA is working in partnership with local and state government and the community to make Parramatta River swimmable by 2025. Our role includes regulating industry to ensure that development in the catchment does not pollute the river.

In 2016–17, the *Get the Site Right* compliance campaign targeted soil erosion and sediment control at construction sites in the catchment. Compliance inspection blitzes were carried out in October 2016 and May 2017 with eleven local councils.

A total of 595 sites were inspected to check if their operations were causing water pollution. Around 50% of sites were found to be not complying with the legislation with offences including:

- unprotected dirt stockpiles in areas where they could be washed away
- ruptured sediment bags
- inadequate sweeping of roads and driveways.

Results

Get the Site Right showed that some construction sites along Parramatta River needed to do more to meet their obligations to protect water quality. Following the blitzes, councils issued \$560,140 in fines and provided education to help improve compliance in future.

Challenges

Making Parramatta River swimmable will require the sustained involvement of multiple stakeholders. Key challenges for the EPA are:

- maintaining the ongoing involvement of stakeholders
- ensuring activities are coordinated and effective in delivering the required water quality improvements.

Looking ahead

In 2017–18, the EPA will:

- develop and coordinate additional compliance campaigns with councils to target –
 - other potential pollutants entering the river, such as oil and grease
 - chemical storage
 - general site housekeeping for licensed and non-licensed premises
- continue to roll out *Get the Site Right* campaign to remind developers of their obligations to install and maintain sediment and erosion controls.



The EPA developed a range of communications materials as part of the LeadSmart community engagement strategy.

Reducing lead exposure at Broken Hill

The EPA administers the Broken Hill Environmental Lead Program which aims to address the issue of lead exposure in the mining city and detect elevated blood-lead levels in local children.

The program is funded to 2020. Program staff work closely with key stakeholders and the local community to coordinate work priorities under three key areas:

- research and monitoring
- stakeholder and community engagement and education
- making public land safe for its intended use.

Potential for lead exposure was reduced by:

- cleaning up University Dams (5 hectares) and Block 10 (4 ha) in southern Broken Hill
- a home remediation scheme
- purchase of a second X-ray fluorescence monitor to provide on-the-spot readings of lead levels in soil, dust and paint
- the LeadSmart Broken Hill lead awareness campaign, including the website at www.leadsmart.nsw.gov.au
- grants for delivering lead-targeted programs with the Far West Local Heath District and Maari Ma Health Aboriginal Corporation each receiving \$250,000



In Broken Hill, children between the age of one and four have their blood-lead levels tested. Photo courtesy of Sofie Wainwright, ABC Broken Hill

- research to determine best practice solutions for ensuring contaminated sites are made safe for future use.

Results

Blood-lead levels in children are monitored each year. Results from the screening programs to the end of 2016 showed:

- a 16% increase in the number of Aboriginal children screened to 207, the highest number to date
- a significant reduction in lead levels among Aboriginal children from 9.3 to 7.4 micrograms per decilitre of blood.

Evaluation of the stage one LeadSmart campaign – through community surveys and data analysis – has shown it was extremely effective with all target audience groups. The surveys found:

- campaign materials were overwhelmingly viewed as being appealing, easily understood, relevant, credible and motivational
- 77.5% of people surveyed remembered three or more key tips or messages
- 46% learned something new from the campaign
- 46% made changes to reduce lead exposure because of the campaign.

Addressing PFAS legacy contamination

PFAS is the name given to a family of chemicals known as per- and poly-fluorinated alkyl substances. PFAS chemicals have been used in many industrial and household products because of their fire-retardant properties. These chemicals are highly

persistent, accumulate over time and are potentially toxic to humans and the environment.

Since February 2016, the EPA has worked to identify sites in NSW where the past use of PFAS, such as firefighting foam, may have resulted in site contamination. We are delivering a strong \$8 million statewide PFAS program and spending an additional \$10 million from the NSW government to address PFAS contamination from the RAAF Base at Williamstown near Newcastle.

Results

In 2016–17, the EPA:

- led the NSW Government’s response to the Williamstown PFAS contamination which included:
 - providing precautionary advice on water and home-grown food consumption
 - awarding \$1.2 million in grants
- commenced a program to investigate the historical legacy of PFAS use in NSW, focusing on sites where, in the past, PFAS chemicals may have been used in large quantities, including at airports, firefighting training facilities and some industrial sites.
- provided precautionary advice on safe levels of exposure to the chemicals based on a review of Food Standards Australia and New Zealand health guideline values (released 3 April 2017).

Looking ahead

The EPA will continue to work collaboratively with the Heads of EPA and the National PFAS Taskforce to develop a National PFAS Management Plan by the end of 2017.

Clearing the contaminated sites backlog

The EPA can declare land contaminated and order those responsible for the contamination to take investigative or corrective actions. Our contaminated land management team aims to assess and prioritise 95% of contaminated sites within four months of being formally notified of the contamination, providing sufficient information is available.

Due to changing legislative requirements in 2007, a backlog of 834 sites notified to the EPA required assessment. In response, the EPA has acted to improve processing time and implemented a Backlog Program so all sites can be appropriately managed.

Results

New notifications

In 2016–17:

- 35 contaminated sites were notified to the EPA
- 94% were assessed and prioritised within four months
- two notifications were not assessed on time and action is being taken to improve processing time.



Backlog Program

By 30 June 2017, the EPA had:

- commenced assessment of 90% of the backlog of sites (753)
- approved assessment of 392 sites, with 361 still being assessed.

The EPA is seeking further information before finalising assessment of the remaining sites.

Challenges

The primary challenge encountered for the Backlog Program was the large number of sites. This challenge was managed through:

- streamlined assessment processes
- a dedicated team tasked with removing the backlog
- maintaining sound relationships with key stakeholders who had notified the EPA, around a site.

Looking ahead

The EPA is:

- on track to complete the Backlog Program before the scheduled completion date of 31 December 2017
- reviewing business practices to further improve assessment and speed up regulatory processes.

Forestry and resources

Sustainable native forestry

The EPA is committed to delivering the NSW Government's vision for sustainably managed native forests, underpinned by a dynamic, economically efficient forestry industry which supports regional economies and delivers social and environmental benefits.

Our Forestry Branch plays a crucial role in:

- regulating logging operations in native forests on public and private land to ensure the protection of threatened species, ecological communities and soil and water quality
- working with the forestry industry, the community and other government agencies to deliver ecologically sustainable forest management practices.

The EPA's regulatory activities assess the compliance of those logging operations with the highest risk. Key environmental features considered during a risk assessment include threatened species records and habitat and sensitive ecosystems, such as rainforest and old growth forest.

The map on page 23 shows examples of risks assessed in the Coffs Harbour Management Area.



Results

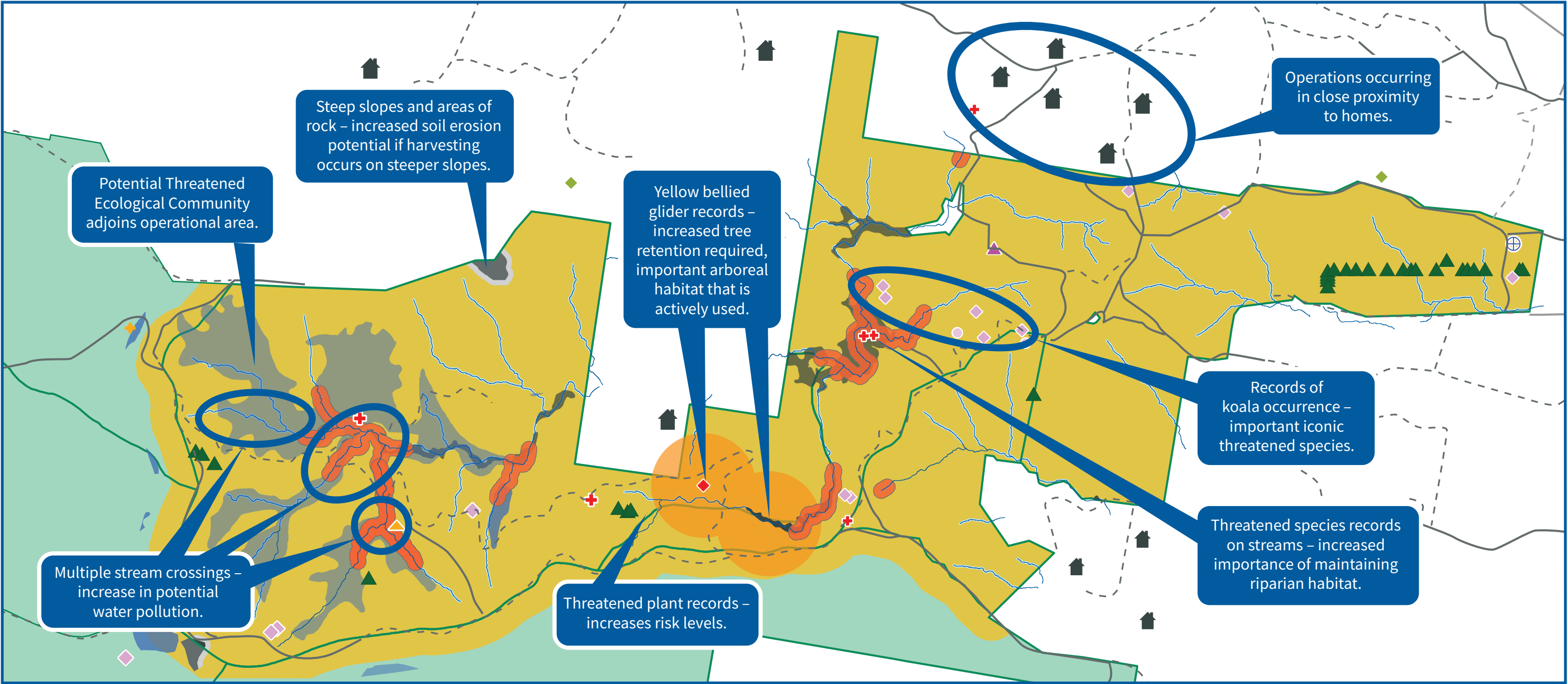
In 2016–17, the EPA:

- published koala habitat and occupancy mapping and maps of 18 priority threatened ecological communities (TECs) for coastal NSW to ensure mapped areas are protected and backed this up with a Memorandum of Understanding with the Forestry Corporation for the TEC maps to be immediately applied to all logging operations on public land
- assessed numerous logging operations, including 100% of identified high-risk operations (14), for compliance with native forestry regulations and guidelines
- developed, trialled and refined an environmental risk assessment framework for public and private forestry operations
- commenced work on reforms to native forestry legislation to ensure regulations are efficient, outcomes-based, enforceable, reflect modern best practice and meet community and industry expectations
- continued working on revised rules for a new Coastal Integrated Forestry Operations Approval (IFOA), which will help reduce logging impacts on plants, animals, important habitats and water.

Challenges

The new regulatory frameworks must balance environmental, industry and social needs. The EPA is working with the Department of Primary Industries to prepare the new regulations, including legislation and a new Coastal IFOA.

Examples of risk criteria for public forestry assessments



Harvest Plan Operational Map
(HPOM) EPA adapted from
FCNSW HPOM

KEY FEATURES

- State Forest
- State Forest Boundary
- Harvesting Area
- Houses
- Drainage Line
- Rock
- Roads & trails
(Not all roads shown)

THREATENED SPECIES LOCATIONS

- Masked owl
- Spotted-tailed quoll
- Yellow-bellied glider
- Koala
- Giant barred frog
- Sphagnum frog
- Rusty plum/plum boxwood
- Milky silkpod
- Clear milkvine

THREATENED SPECIES LICENCE PRESCRIPTION/ ZONES

- Potential Lowland Rainforest Endangered Ecological Community
- Potential Subtropical Coastal Floodplain Forest Endangered Ecological Community
- Frog and bat exclusion
- Yellow-bellied glider modified harvest area

Developing the Coastal IFOA has taken longer than expected and is being informed by advice from threatened species experts, field trials and the Natural Resources Commission. A draft will be released for public comment in 2017–18.

Looking ahead

In 2017–18, the EPA will:

- begin a review of the Private Native Forestry Codes of Practice with the Department of Primary Industries, the timber industry and the community
- continue to work with the Government on preparing and implementing new native forestry legislation and the Coastal IFOA.

Keeping gas site rehabilitation on track

One of the EPA's key responsibilities as lead regulator for gas in NSW is to assess compliance with rehabilitation requirements for gas sites, including those bought back from title-holders by the NSW Government. In this role, we conducted 92 rehabilitation inspections during 2016–17.

Once the EPA is satisfied that rehabilitation has been carried out on a title, the Division of Resource and Geoscience (DRG) is notified. The DRG then conducts the final stage of the rehabilitation process to decide whether security bonds should be returned to the former title holder.

Gas project inspections involving the EPA: 2016–17

General inspections	113
Rehabilitation inspections	92
Environment protection licence inspections	25
Total	230

Results

90% of bought-back gas titles have been rehabilitated and their compliance with conditions of approval confirmed.

Looking ahead

Two bought-back petroleum titles require further rehabilitation. The EPA is awaiting confirmation that rehabilitation activity has been completed before inspecting the sites to verify compliance.

Audit of NSW mine dams

Following incidents at coal mine dam facilities, such as the failure of a dam wall at Clarence Colliery reported earlier, there has been an increase in Government and community interest in ensuring that dams at mines are operated and maintained to prevent future dam failures.



Auditors inspecting a mine dam during the joint interagency audit program on dams at NSW mines. Photo: E Howard

As part of a collaborative whole-of-government approach to address these issues, a joint-agency environmental compliance audit targeting 14 mines in NSW was undertaken by the EPA, the Department of Planning and Environment (DPE) and the Resources Regulator (RR). The audit focused on the environmental management of tailings, wastewater holdings and sedimentation dams.

Results

Environmental auditing of dam mines and ponds helps minimise the impacts of resource extraction. The audits provided valuable information on the effectiveness of current measures for preventing dam failure and recommendations for improving the compliance and environmental performance of dam facilities.

The audit made the following recommendations:

- ensure dam water levels are effectively managed to minimise or prevent overtopping and uncontrolled discharges during heavy rainfall events
- develop and implement consistent operational documentation and procedures
- ensure regular maintenance of critical plant and equipment
- test and update dam safety management plans regularly.

A systematic and rigorous process for follow-up actions has been put in place by the three agencies to ensure the issues identified at the audited sites are addressed.

Other achievements

Five compliance campaigns focused on the correct use and storage of pesticides by aerial operators, Sydney vegetable growers, council depots, electricity distributors and pest management technicians



EPA staff inspect a crop dusting plane as part of an aerial pesticide compliance campaign. Photo: J Spencer/EPA

Twenty-four compliance audits of licensed facilities resulted in licensees implementing 230 actions to improve their regulatory compliance and environmental performance.

The following key success measures for hazardous waste were achieved this year:

- spot inspections of the EPA hazardous waste tracking program showed 100% compliance
- 100% of tracked hazardous waste was transported to facilities where it could be lawfully treated.

Environment protection licensees met 99.5% of their licence conditions.

The EPA published the *Risk-based Framework for Considering Waterway Health Outcomes in Strategic Land-use Planning Decisions*, which will help decision-makers manage the impacts of land-use change on waterways.

An update of the *Approved Methods for the Modelling and Assessment of Air Pollutants in NSW* adopted tighter particle assessment criteria.

A 98% prosecution success rate for significant breaches of legislation was achieved.

Key result area 2:

Innovative waste management



19%
reduction in litter
volume statewide
since
2013–14

The EPA develops policies and implements programs to reduce waste, increase recycling and encourage changes in waste disposal attitudes and behaviour. We also regulate how waste is collected, stored, transported and disposed of.

This year the EPA developed programs and provided over \$38 million in grants and sponsorships for a wide range of waste management, infrastructure and education activities.

These strategies are getting results. Despite increases in population across the state, NSW Waste and Environment Levy data indicates that the amount of waste going to landfill per capita decreased by 6.1% between 2015–16 and 2016–17.

See Section 4: Grants and sponsorships and Appendix 4 for more information about waste grant programs.

Reducing litter

Reducing litter in NSW

Reducing the volume of litter in NSW by 40% by 2020 is one of the 12 NSW Premier's Priorities announced in 2015–16. This year the EPA addressed litter reduction through the key initiatives outlined below.

Progressing the container deposit scheme

Amendments to the *Waste Avoidance and Resource Recovery Act 2001* in November 2016 established a statewide container deposit scheme (known as 'Return and Earn') to enable the beverage industry to take on its responsibilities to reduce drink container litter and recycle containers.

A Ministerial Advisory Committee was established to advise on the scheme's delivery and operation. Tenders were called for a Scheme Coordinator and Network Operator to roll out the



Hey Tosser! bottles travelled over 280 kilometres. Photo: M Harris

infrastructure and run the scheme. These have been appointed and Return and Earn will launch on 1 December.

Hey Tosser!

Phase 4 of the *Hey Tosser!* campaign was rolled out in two media campaigns – one in November 2016 and the other in March–April 2017 – via TV, billboards, digital advertising, social media and radio.

As part of the campaign, in March 2017 the Minister for the Environment launched 40 GPS-tracked bottles into harbours, rivers and lakes across NSW to show how litter travels once it reaches our waterways. The bottles travelled over 280 kilometres in a month, as shown by the short video: www.epa.nsw.gov.au/litter/bottle-tracking.htm.

Operation Autumn Tosser in March–April was one of the state's largest coordinated efforts in litter enforcement and community education, with the participation of over 40% of NSW local councils, covering 60% of the state's population. The private sector also lent their support, with McDonalds, Woolworths and Caltex actively promoting the anti-litter campaign.

Enforcing litter regulations

This year the EPA increased the number of trained state and local government officers with powers to enforce litter regulations. Training activities included:

- three litter enforcement training sessions across NSW with 43 participants
- capacity building and networking across agencies and jurisdictions
- 58 NSW State Government staff attending five information sessions on reporting littering from vehicles.

Report to EPA

The 'Report to EPA' system enables the EPA to issue fines for littering from vehicles, based on reports from community members. In 2016–17:

- Report to EPA received 11,244 new registrations from community members wanting to report littering from a vehicle, bringing the total to 24,389
- 14,634 littering reports were received from the community, an increase of 19.3% from the previous year's 12,247 and taking the total received since the system began in February 2015 to 31,845
- 10,000 fines were issued for this offence, up from 8617 in 2015–16 and bringing total fines since 2015 to 21,476.

Including notices issued by other agencies, fines amounted to over \$3 million.

Other activities

Over \$2.6 million was granted for 41 litter projects run by councils, regional waste groups and community groups.

A draft of the first NSW Litter Prevention Strategy was released for comment from 18 May to 31 July 2017.



Results

Monitoring indicates that the above strategies are successfully reducing litter volume and quantity. As measured by the National Litter Index 2015–16, NSW has seen:

- a 19% reduction in litter volume since 2013–14
- an 18% reduction in the number of littered items.

Challenges

Overall, results to date have been pleasing but there is further to go. Embedding a new social norm in NSW – to not litter – remains a challenge.

Looking ahead

In the lead-up to the introduction of Return and Earn, the EPA will promote the scheme and work with other government agencies and local government to prepare for its introduction.

Increasing recycling

Increasing commercial and industrial recycling

Increasing the recycling rate for commercial and industrial wastes to 70% by 2021 is a key target of the *NSW Waste Avoidance and Resource Recovery (WARR) Strategy*.

The EPA promotes commercial recycling through its Bin Trim program by:

- grants that provide free recycling and waste reduction support to small- and medium-sized businesses
- rebates covering up to 50% of the capital cost of installing recycling equipment.

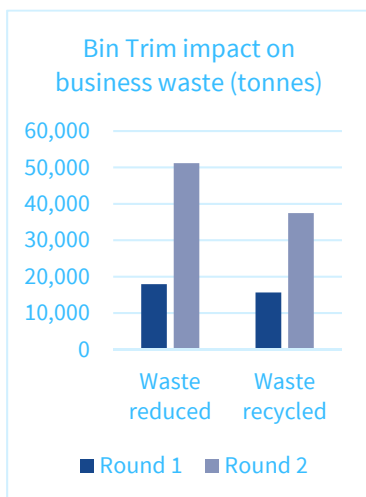
Results

The Bin Trim program is making a measurable difference. Since the program started in 2013–14, businesses have reduced the waste they generate by over 69,000 tonnes, while increasing their recycling by more than 53,000 tonnes.

During Round 2 of the Bin Trim grants program which spanned two years and ended in 2016–17:

- 13,790 businesses joined up, bringing the total to 22,128
- participants produced 51,169 tonnes less waste (compared with 17,946 tonnes in Round 1)
- businesses recycled 37,466 tonnes more (compared with 15,664 tonnes in Round 1).

With two grant rounds now concluded, businesses participating in the program have increased their recycling rates by 15% to around 43%. While there is still further work to be done to achieve the 70% target, the program has made a significant contribution and will continue to do so through future rounds.



Challenges

Engaging with time-poor businesses remains a challenge. We will continue to develop sophisticated interventions, targeting specific material and industry types to assist businesses to achieve further waste and recycling gains.

Looking ahead

The EPA is committed to building on the success of the Bin Trim program with further funding rounds. New initiatives for the coming year include:

- an online waste stream assessment and action plan app for businesses
- an interactive online resource that will allow users to search for information about industry waste management and recycling practices and opportunities in NSW.

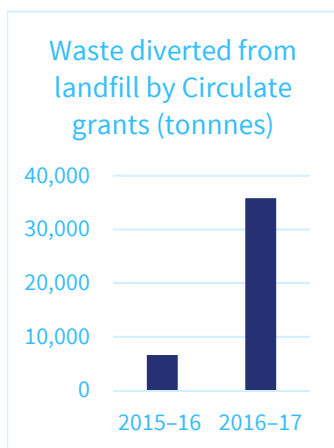
Stimulating investment in recycling infrastructure

By 2021, waste generation in the construction and demolition sector in NSW is forecast to grow by over 500,000 tonnes per annum due to heightened construction and infrastructure development activity.

The EPA aims to boost recycling for this type of waste to 80% by 2021–22 by stimulating investment in resource recovery infrastructure through grants under the *Waste Less, Recycle More* initiative. In 2016–17, the EPA:



Royal Prince Alfred Yacht Club chef John Pryor puts food waste into a worm farm, purchased with help from Bin Trim equipment funding. Photo: P. Coppin/EPA



- supported 10 Circulate Industrial Ecology Grants projects to recover resources for reuse by other businesses
- allocated over \$1.5 million under the Resource Recovery Facility Expansion and Enhancement (RRFEE) Program to three projects which are expected to divert more than 56,000 tonnes of waste from landfill annually
- launched the Civil Construction Market Pilot (CCMP) Program to encourage resource recovery and reuse of materials between civil construction projects, with \$75,000 in funding for a pilot project.

Results

These grants resulted in the diversion of over 100,000 tonnes of waste from landfill, including:

- over 35,800 tonnes of waste diverted from landfill by Circulate projects, including 11,000 tonnes of timber waste and 15,000 tonnes of construction and demolition waste
- an RRFEE project that enabled the grantee to develop the capacity to process an additional 12,000 tonnes of wood waste each year
- 6000 tonnes of spoil material recycled into new construction materials, such as road base through the CCMP pilot.

Diverting waste from landfill



Food and garden waste recycling

With food and garden waste accounting for up to half of the waste in red lid bins that goes to landfill, recovering and recycling these wastes is critical to achieving the EPA's WARR Strategy target to divert 75% of all waste from landfill by 2021.

The EPA's Organics Infrastructure Fund addresses this issue at each stage of the waste process through grants and programs to:

- encourage waste avoidance
- increase waste recovery, donation and processing
- help establish strong markets for recycled products.

Results

In 2016–17, the EPA awarded \$4.9 million, in partnership with the Environmental Trust, to the following programs which are expected to divert 42,000 tonnes of organic waste from landfill:

- \$2.6 million for eight organics infrastructure grants – 30,000 tonnes of waste diverted
- \$1.6 million to four councils for new or improved food and garden waste collection services – 11,000 tonnes of waste diverted for composting
- \$584,459 to four food donation infrastructure projects, including fridges, freezers and vans – 873 tonnes of good food recovered for redistribution to people in need
- \$214,000 for seven *Love Food, Hate Waste* education projects to help households and business waste less food.

Other grants and programs included:

- \$187,711 to five new organics market development grants to improve product quality and support market confidence in recycled organics
- development and piloting of the new *Your Business is Food* education program for food businesses, resulting in an average 21% reduction in food waste by participants
- seven Organics Market Development grants to support new markets for the use of recycled organics in agriculture, roadside rehabilitation, sporting fields and horticulture.

The latest *Love Food, Hate Waste* tracking survey data shows increased awareness and concern about food waste among NSW households. The Great NSW Food Waste study was launched in April 2017 to understand more about the correlation between attitude and awareness and actual food wastage. Results will inform further program development.



Vegetables grow better in compost, as the Organics Market Development Next Gen Compost project showed. Photo: Greater Sydney Local Land Services

Looking ahead

An additional \$35.5 million funding allocated to the Organics Infrastructure Fund under the extended *Waste Less, Recycle More* program will enable the EPA to deliver further initiatives, including:

- a \$2-million food donation education program
- grants for organics collection trials in multi-unit dwellings
- statewide rollout of *Your Business is Food*.



3014
tonnes
of potentially
hazardous household
waste collected

Managing problem wastes

Making it easier for households to dispose of problem waste

A wide range of potentially harmful products used in our homes require special collection and treatment. This ‘problem waste’ includes leftover or unwanted paint, pool and garden products, gas bottles, batteries, smoke detectors and oils.

The EPA has two programs for the collection of this kind of waste:

- community recycling centres (CRCs)
- Household Chemical CleanOut.

Results

These programs continued to significantly improve the community’s access to appropriate disposal and recycling services during 2016–17, with 3014 tonnes of potentially

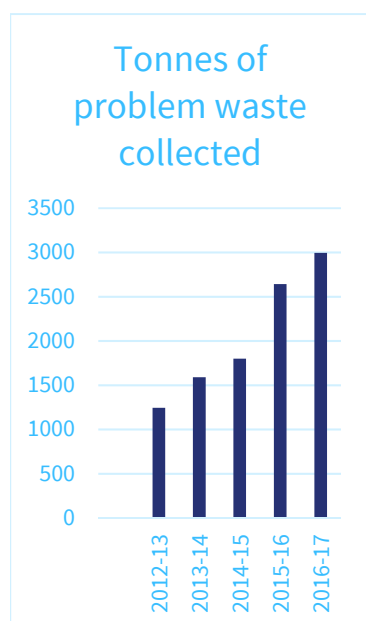
hazardous household waste collected this year, a 140% increase over the past five years.

CRC activity this year included:

- 26 new facilities opened, bringing the total to 60 operational centres
- a record 1167 tonnes of problem waste collected.

In 2016–17, the CleanOut program:

- held 122 collection days
- recycled and/or disposed of 1847 tonnes of problem waste.



Challenges

There have been some delays in the construction of CRCs due to unforeseen circumstances, including local government planning procedures. Timelines were revised and all efforts are being made to support the construction of the centres.

Looking ahead

The extension of the *Waste Less, Recycle More* initiative will inject \$57 million into household problem waste programs, including \$3 million for CRC infrastructure grants. Round 4 of the CRC grant program will focus on funding locations that do not have a CRC.

Illegal dumping

Tackling illegal dumping

Illegal waste dumping is a serious environmental crime with many adverse effects which include:

- harm to the environment and human health
- impacts on the visual amenity of community spaces and degradation of property
- undercutting of the legitimate waste industry
- costs associated with clean-up.

Many different types of dumping are perpetrated by a range of offenders in various locations. Dumping can be large or small and range in type from household and green wastes to asbestos and construction waste. Through the *Waste Less, Recycle More* initiative, the government has allocated \$123 million over nine years to combat illegal dumping and illegal waste operators.

The EPA tackles illegal dumping through a combined approach of education, regulation, improving waste infrastructure and taking strong action against those who persist in doing the wrong thing.

This year we prepared and consulted on the draft *NSW Illegal Dumping Strategy 2017–20*. The strategy continues a multi-faceted approach to this problem, ranging from enforcement to education.

The EPA also:

- conducted social research into kerbside dumping to identify what motivates people to dump on the kerb and find strategies to change this behaviour
- awarded almost \$3.5 million in grants for –
 - clean-up of dumping hotspots
 - installing barriers and surveillance cameras to stop further dumping
 - education about the damage dumping causes and fines for offenders.

Results

Since the launch of the RIDOnline illegal dumping reporting system in September 2015, over 32,900 incidents have been reported by more than 959 registered users. RIDOnline is the first statewide system enabling anyone anywhere to report illegal dumping at any time.

Looking ahead

The EPA is looking forward to finalising and implementing the *NSW Illegal Dumping Strategy 2017–20*. Ongoing actions will include:

- providing further grant funding to land managers to combat and prevent dumping
- working with our partners to provide easy ways for people to lawfully dispose of problem waste
- continuing to investigate and penalise dumping offenders.

Key result area 3:

Effective management of environmental incidents



The EPA plays an important role in managing incidents, such as discharges of waste and chemicals and spills of hazardous materials (HAZMAT) which may harm the environment and human health.

The EPA makes sure that:

- industry is prepared for incidents and is able to pay clean-up costs
- we are able to collaborate with emergency services and other agencies to ensure an effective response, including alerting the public to risks and making the area safe as soon as possible
- we apply what we learn to improve our response.

Planning and preparation

Preparing for pollution incidents

Forward planning helps reduce the harm caused by pollution. Licensed premises managing hazardous materials must have up-to-date pollution incident response management plans (PIRMPs), which enable them to respond quickly and effectively when incidents occur.

In 2016–17, the EPA assessed 23 PIRMPs during 24 compliance audits at facilities with EPA environment protection licences, including mines, power generators, a waste incinerator, a pharmaceutical manufacturer, a steel manufacturer and a composting facility.



100%

of licensees have
plans to deal with
pollution incidents

Results

The audits found that:

- all licensees had developed a PIRMP and are complying with 90% of requirements
- some PIRMPs did not adequately cover legislative requirements –
 - 57% had maps that did not show key information, such as the location of potential pollutants or the area most likely to be affected by a pollution incident
 - 52% did not list all on-site pollutants in their pollutant inventory
 - 39% of sites did not test their plans as required or provide details of tests that had been conducted.

Challenges

Challenges included:

- ensuring that licensed sites that were not audited also complied with PIRMP requirements
- ensuring that the PIRMPs reflected any changes to operations at licensed premises.

Looking ahead

The EPA will encourage licensed industrial premises, especially those that were not audited, to use their annual returns to correctly assess and report on compliance with PIRMP requirements.

Self-evaluation and learning from post-incident debriefs

The EPA holds debriefs after some environmental incidents to discuss what happened, how we responded, and what could be done to improve the response to future incidents.

Results

In 2016–17, the EPA completed nine debriefs of significant incidents, resulting in 78 recommendations, 76% of which have been acted on.

Actions taken to improve response include:

- developing incident-specific field guides for EPA staff, such as *Industrial Fires*, *Tanker Rollovers*, *Fish Kills* and *Sampling at Incidents*
- enhancing training in after-hours response

- deploying an air monitoring pod in response to an industrial fire in February 2017, which provided real-time data on the potential impacts on human health and other advice for the community during the incident.



We actioned
76%
of recommendations
from hazardous
incidents debriefs

Looking ahead

Self-evaluation is vital to improving our response to environmental incidents and emergencies. The EPA will continue to:

- train more staff as debrief facilitators
- participate in the State Emergency Management Committee Lessons Management Working Group to ensure we have a consistent statewide approach.

Incident response

Rapid response to hazardous incidents

The EPA works with emergency services and other agencies to respond to hazardous environmental incidents promptly and through effective collaboration. The EPA aims to decide on appropriate action and put this in motion within 30 minutes of being notified of an incident.

Results

The EPA was notified of 274 HAZMAT incidents and responded within 30 minutes in 100% of cases.

Our officers attended 38 incidents and guided combat agencies, local councils, other NSW Government agencies, industry and affected communities on appropriate actions to clean up the environment.

The EPA provided significant expertise and advice on emergency management during bushfires, floods and a heatwave, including sending liaison officers to operations and recovery centres across the state.



Foam blanket applied at a fuel tanker rollover at Eastlakes to reduce explosive risk. Photo: A Bourne/EPA

Looking ahead

In 2017–18, as 38% of incidents in 2016–17 were related to transport, the EPA will run a multi-agency desktop exercise to help all agencies respond more quickly and effectively to diesel tanker rollovers.

The EPA will ensure it is a continuous learning organisation through specialised training, professional development and participation in other multi-agency exercises, committees and workshops.



We responded to
100%
of hazardous incidents
within
30 minutes
of being notified

Incident recovery

Ensuring industry can pay clean-up and remediation costs

The EPA works with high-risk industry sectors to ensure they have the financial capacity to pay for clean-up and remediation after pollution incidents and reduce the risk of the Government having to pay these costs.

Results

The EPA began a project to ensure that 90% of high-risk licensed premises have secure funding for environmental liabilities in place by 2019.

Activities included:

- engaging with the insurance sector about the potential use of environmental insurance to manage financial risk
- initiating the setting up of the Environmental Liabilities Community of Practice under the Australasian Environmental Law Enforcement and Regulators (AELERT)

network to facilitate a national approach to environmental liabilities

- initial consultation with the community on the NSW Chief Scientist's and Engineer's recommendations for the gas sector.

Looking ahead

This project will continue in 2017–18 and focus on:

- managing environmental liabilities in designated priority sectors
- working with the insurance industry to develop appropriate environmental insurance products
- developing a whole-of-government approach to financial assurance and environmental insurance.



EPA officers inspect a service station site and advise on the use of our best-practice guide for preventing and managing environmental incidents. Photo: M Longbottom/Tweed Shire Council

Key result area 4:

Sound strategic and planning advice



As the state's leading protector of the environment, the EPA works with other NSW government agencies, the Australian Government, local councils, business organisations and industry associations to ensure the environment is safeguarded in planning decisions.

When environmental issues are identified, the EPA has input into planning policy and advises on specific planning decisions.

This year, the EPA performed well against all measures for this result area. In addition to the matters reported below, we:

- advised industry and planning authorities on 100 strategic planning matters
- processed 83% of 763 planning referrals on time.

Influencing strategic planning

Protecting South Creek catchment

Over the next 30–50 years, more than one million people are expected to move into the South Creek catchment in western Sydney, moving the region from being 20% to 80% urbanised. To protect water quality from this increase in population, water pollution will need to be effectively managed.

Under existing legislation, the EPA is able to draft Protection of the Environment Policies (PEPs), which set environmental standards, goals and guidelines. The *Protection of the Environment Operations Act 1997* (POEO Act) sets out detailed procedures for making PEPs although they have not yet been used in NSW.

PEPs may address issues such as managing the cumulative impact of existing and future human activities in a particular area or they may be developed for statewide issues. Once implemented, PEPs must be taken into consideration by consent, public and regulatory authorities.

Results

The EPA held a series of workshops to:

- identify appropriate environmental values and targets for South Creek catchment
- develop a framework to better inform strategic land-use planning decisions
- explore a range of approaches, including the use of a PEP, to address the scale and rate of land-use change proposed in western Sydney.

The EPA is working with the Greater Sydney Commission, local councils and other stakeholders to investigate innovative approaches, including PEPs, to protect the South Creek catchment and help define future urban development. A PEP could provide a consistent process for minimising the impacts of development on water quality in the catchment.

The decision on whether to proceed with drafting a PEP or to take another strategic planning approach will be made in 2018.



EPA conditions included in
100%
of major infrastructure
approvals

Providing information to decision-makers

Imposing conditions for development

Major infrastructure projects, such as roads, railways and waste management developments, can have significant environmental impacts. Incorporating EPA conditions and recommendations into development approvals for such projects ensures developers address these impacts.

Results

Eight major infrastructure projects were determined by the Department of Planning and Environment (DPE) during the reporting period and in all cases the recommendations of the EPA were agreed to and specified in the conditions of approval. These projects included:

- Glendenning liquid waste treatment facility
- landfill and resource recovery expansion at Lucas Heights
- the Sydney Metro railway
- NorthConnex.



Minimising groundwater impacts from underground coal mining

All new major coal mine proposals in NSW are comprehensively assessed under the *Environmental Planning and Assessment Act 1979* and subject to approval by the Minister for Planning.

This year the EPA provided expert advice to the DPE during assessment of major underground coal mining projects in the Southern Coalfields to protect sensitive drinking water catchments and groundwater aquifers from the impacts of mining. Projects assessed by the EPA included:

- Hume Coal (POSCO), a proposed new underground coal mine and associated rail project near Berrima in the Southern Highlands – we conducted a detailed review of the Environmental Impact Statement and submitted a comprehensive response.
- proposed major underground expansion projects for Dendrobium Coal (South 32) and Tahmoor Coal (Glencore) – we provided our requirements for the preparation of environmental assessments.

The EPA's advice was based on the comprehensive NSW Government assessment requirements developed under the Integrated Mining Policy.

Results

The EPA raised key environmental issues for consideration, including:

- licensing requirements for the mines
- air, noise and water quality impacts, including potential discharges into groundwater
- waste management.

The EPA advice will ensure that the DPE minimises potential environmental impacts from these projects.



Inspection at a Narrabri Gas Project well. Photo: J Spencer/EPA

Advice on the Narrabri Gas Project

The EPA provided expert environmental and regulatory advice to the DPE as part of the Narrabri Gas Project Environmental Impact Statement (EIS) assessment process in June 2017.

The DPE received over 20,000 submissions during the public exhibition phase from key stakeholders, including the community, local councils, scientific experts and industry. This highlights the ongoing contention around gas activities in NSW.

As lead regulator for gas and with additional staff recruited under the NSW Gas Plan, the EPA's review was able to provide comprehensive professional advice to assist the assessment process.

Results

Our expert technical staff, including engineers, geologists and hydrogeologists, conducted a robust review which identified potential risks and proposed appropriate risk mitigation measures.

Key result area 5:

Effective communication and stakeholder engagement



Our Stakeholder
survey finds
77%
satisfaction
with EPA's communication
methods

EPA stakeholders and the community are important partners in the agency's work to protect the environment.

We are committed to improving our engagement with stakeholders, building strong relationships and delivering timely and accurate information to the community.

Community and stakeholder attitudes

Increasing satisfaction with the EPA's performance

In 2016–17, we commissioned Ipsos Australia to conduct an independent survey of around 1600 EPA stakeholders and members of the public. The feedback provided will help us continue to improve our operations and services, track progress and identify emerging issues.

Results

The survey findings reflect our efforts to strengthen stakeholder engagement since an earlier survey in 2013. Key findings include:

- increased satisfaction with both interactions with the EPA and our performance in general
- improvement in a range of EPA performance issues identified in 2013, including responsiveness, timeliness and transparency and being an effective regulator
- most stakeholders see the EPA as professional, approachable, trustworthy and honest, technically proficient, and independent and unbiased



EPA staff at Bendigo Bank's Clovelly Branch Sustainability Forum. Photo: EPA

- 77% satisfaction with our communication methods, typically using phone, email and face-to-face channels (and up from 69% in 2013), although some respondents would like the EPA to consult more proactively before introducing changes
- generally positive attitudes about consultation with the EPA, with the improvements since 2013 attributed to greater use of community consultative committees.

The survey also reveals the following areas where engagement could be improved:

- some stakeholders felt there was inconsistency in regulatory activity between regions and in the application of regulations
- while recognition of the EPA remains high, the general population's understanding of the EPA's role remains relatively low and has not changed since the 2013 survey
- more emphasis could be placed on allowing adequate time and space for meaningful consultation.

In response to insights from these results, the EPA has established a Stakeholder Engagement Unit, bringing together staff from Sydney, Newcastle, Narrabri, Dubbo, Broken Hill and Wollongong. The unit focuses on:

- building genuine, consistent and meaningful engagement
- boosting understanding of the EPA's functions
- customer service.

Looking ahead

Over the coming year, the EPA is:

- implementing smarter information and communication technology systems to improve services
- refining the EPA Stakeholder Engagement Strategy
- building awareness of our role by improving existing communication channels, such as the website, newsletters and media channels
- increasing opportunities for stakeholders to contribute to issues, focusing on face-to-face outreach activities and online consultation
- making greater use of community consultative committees and evaluating those already established.

The survey results and further details of the EPA's response are available on our website.

Informing, consulting, involving



Growing stakeholder engagement

The EPA believes that everyone shares the responsibility for protecting the environment in NSW. We communicate with our stakeholders through a wide range of channels, including our website, social media, community meetings, letterbox drops and media releases. We also work with journalists to provide them with facts and interviews.

Results

In 2016–17:

- we responded to almost 600 requests for information and interviews from journalists
- more than 200 media releases were issued
- EPA tweets reached 800,000 Twitter users
- the EPA was represented at over 60 community meetings, ranging from issues-based information sessions to community reference groups
- over 409,000 visits to the EPA website.

Challenges

The EPA confronted a number of significant communication challenges in 2016–17 around high-profile community issues that involved risks to environmental and human health. These included:

- responding to legacy asbestos contamination from James Hardie’s operations in and around Parramatta by working with the local council to doorknock and telephone households and businesses
- continuing to engage with communities across NSW as part of the statewide investigation into residual pollution from firefighting foam with responses that included tailoring factsheets with local advice, holding community drop-in sessions, informing local media and regularly updating the EPA website
- liaising with communities on the issue of gas regulation, including sitting on community consultative committees, producing a regular newsletter and staffing information stalls at local shows
- impacts from native forestry, which the 2016–17 survey found continues to be an important community concern.

Community input on Clean Air for NSW

Improving air quality across NSW is a key priority for the EPA. Substantial health and environmental benefits will be gained by reducing certain air pollutants, especially particles and ground-level ozone.

The EPA is leading the development of the 10-year *Clean Air for NSW* strategy on behalf of the Government. This strategy will set a framework for effective, feasible actions that target those air quality issues of greatest health concern.

The EPA has sought input from a broad range of government, industry, community, academic, environmental and local government stakeholders.

Results

Robust involvement of stakeholders in the strategy development process was achieved through two key EPA initiatives:

Release of the *Clean Air for NSW Consultation Paper* in October 2016 resulted in:

- 133 individual submissions and over 1100 campaign email submissions received
- submissions then being published on the EPA website.

The EPA’s Clean Air Summit in June 2017:

- was attended by over 300 stakeholders and opened by the Minister for the Environment
- involved speakers from health, research, industry and government sectors

- led to presentations being published on the EPA website
- prompted a follow-up stakeholder survey seeking additional feedback.

Looking ahead

The EPA is considering all feedback as it finalises the Clean Air for NSW strategy for government consideration in early 2018.

Customer service



We responded to
90%
of correspondence
on time

Responding promptly to inquiries

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

In 2016–17, the EPA received 1525 public queries and 971 items of parliamentary correspondence. Most correspondence was referred to the Waste and Resource Recovery Branch (30%) and the Hazardous Incidents and Environmental Hazards Branch (14%).

Results

The EPA met a key performance measure for customer service this year, with 90% of all correspondence finalised within the allocated time. Details for the two streams of correspondence were:

- 87% of parliamentary responses sent within two weeks of the receipt of correspondence, an increase of 11% on 2015–16
- 94% of general responses sent within four weeks of receipt, an improvement of 5% on 2015–16.

Where it is not possible to provide a complete response within the timeframe, the EPA acknowledges correspondence.

Other achievements – communication and engagement

Fifty-two submissions were received in response to a review of load-based licensing and these will inform development of specific proposals for improving the scheme. Load-based licensing encourages cleaner industrial production by linking Environment Protection licence fees to the loads of pollutants an industry releases into the environment.

There was successful engagement with communities in the Namoi region about air quality and groundwater contamination.

Key result area 6: Exemplary and innovative organisation



The EPA aims to lead by example. We encourage innovation, deliver best practice governance and base our decisions and programs on high quality evidence and research.

Employee engagement

Staff engagement – our values in action

The *People Matter 2017 NSW Public Sector 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 June 2017 with 94% of EPA staff taking part. This was up from the 90% participation in the 2016 survey, making the EPA one of the agencies with the highest response rate.

Over the past three surveys the key measure of staff engagement has ranged from 73% to 75%. This compares very favourably with the overall public sector measure of 65%.

Results

The results reflect that EPA values such as integrity, trust, service and accountability are embraced by staff, with 82–87% of our employees agreeing that:

- their teams strive to achieve customer and client satisfaction
- their workplace is supportive and respectful, including of individual differences
- they understand what is expected of them and their managers listen

- they are proud to work for the EPA.

People Matter 2017 also showed that staff consider the EPA has improved since the previous survey in several areas, including the action being taken in response to survey results, managers dealing appropriately with employees who perform poorly and senior managers' support for women's career advancement.

The survey also identified areas in need of improvement:

- only 38% of respondents agreed that change is handled well
- just 56% agreed that senior leaders keep employees informed
- cooperation between teams was rated good by only 52%
- 10% of EPA staff had experienced bullying (18% for the sector).

Looking forward

The EPA's response to these results includes:

- reviewing how we communicate internally and dedicating more effort to effective and regular staff communication
- delivering a high-performing team development program for the Senior Management Group
- supporting the Public Service Commission's anti-bullying campaign so that it is fully embedded in EPA work culture and training.



Workforce capacity

Maintaining a highly skilled workforce

The EPA aims to develop a highly skilled and capable workforce that is able to consistently deliver best practice environmental regulation. The EPA Training Unit team develops and delivers regulatory, technical and environmental auditor training for EPA staff and environmental regulators across Australia.

In 2016–17, EPA staff development activities included:

- development of a new Learning Management System
- delivery of a wide range of training courses from those awarding nationally recognised qualifications to role-specific capability training
- release of the EPA Occupational Specific Capability Analysis Tool, which allows staff and managers to measure skills against job requirements
- lunchtime staff seminars on relevant topics, such as sharing key lessons from incident management.

Results

In 2016–17, the EPA achieved the following workforce development results:

- the EPA's certification as a globally recognised provider of environmental auditing training, enabling us to train compliance officers across Australia in international auditing standards and our own officers to gain certification as environmental auditors
- 58 training courses delivered to 427 EPA staff
- 614 training days attended by staff.



EPA staff using the 3D theatre to learn the ins and outs of a gas site. The 3D theatre lets us train our regulatory staff in a realistic and safe environment. Photo: J Spencer/EPA

Building development opportunities for environmental regulators across Australia

EPA staff and those from other agencies also involved in environmental regulation deal with a broad range of complex issues at the frontline of environment protection. The EPA is committed to providing training and development opportunities for its staff as well as those from other similar agencies to ensure the delivery of consistent, best practice regulation at national, state and local levels.

As part of our role as a training provider to other environmental regulators, the EPA in 2016–17:

- managed the nationwide Australasian Environmental Law Enforcement and Regulators (AELERT) Professional Development and Training Program

- enhanced our partnership with a leading professional organisation, Environmental Health Australia
- provided 23 courses and workshops exclusively for other agencies, with 324 attendees
- held interactive workshops that involved activities including:
 - sharing experience and case studies
 - role plays, such as in giving evidence in court
- facilitated networking opportunities for staff from a range of agencies through the informal exchange of ideas.

Results

In 2016–17, the EPA:

- delivered 74 courses to 909 people, including our own staff and participants from other agencies.



100%
of EPA operations
staff now use
mobile tablets

Support services

Improving service provision

An EPA mobile workforce program aims to improve our service provision to citizens and business in NSW. This year we provided mobile tablets for on-ground operations staff to use during inspections, investigations and incident response situations. This has increased efficiencies by giving them instant access to:

- information, including email and stored data such as plans and reports
- GPS, camera, video and audio functions and the internet
- custom-built forms and publicly available apps that enable easier data collection and distribution
- the capacity to issue notices electronically.

Results

The EPA met the success measure for this program with 190 tablets provided to operations staff across the agency.

Looking ahead

In 2017–18, the EPA mobile workforce program will be integrated into our Information Communications Technology Strategy. This will establish a framework for addressing challenges such as technical support, procurement and asset management and maintenance.

Innovation

Promoting innovation in the EPA

As part of our commitment to best practice, the EPA encourages staff to develop innovative programs and approaches to their work and will adopt a full innovation strategy by 2019. To support this, we developed an Innovation Toolkit in collaboration with the Office of Environment and Heritage (OEH), which was adapted, with permission, from a similar Transport for NSW initiative.

The toolkit, which consists of easy-to-use tools and techniques for tackling problems, challenges or projects, was finalised in January 2017, published on the EPA intranet and promoted throughout the agency.

Results

A first group of 13 EPA staff was trained to use the Innovation Toolkit in May 2017. These trained staff have since formed a network of ‘innovation catalysts’ to share experiences and promote the toolkit as a new way to approach problems and challenges.

The EPA’s performance under its approach to innovation is now being tracked using specific strategic plan measures and we will continue to monitor progress through the *People Matter* survey.

New Intelligence and Analysis Unit

The EPA established an Intelligence and Analysis Unit in July 2016 to collate and analyse information relevant to staff safety and the delivery of the agency’s compliance function. This includes information from case management and licensing databases and relevant technical data, such as waste management information.

The Unit also coordinates the collection, analysis and sharing of information about known safety risks from other agencies, particularly NSW Police.

Results

The Intelligence and Analysis Unit has produced a range of high quality operational and tactical intelligence reports to inform decision-makers across the EPA, including:

- analysing a range of internal and external data and information to provide an evidence base for compliance campaigns in the pest management sector

- identifying compliance trends for EPA licensed premises in the Hunter region
- providing safety-related information on persons, vehicles and properties to assist staff in undertaking their duties.

Each intelligence report is tailored for specific objectives and used to inform EPA functions, such as compliance and enforcement campaigns, investigations and stakeholder interactions.

The unit has also developed processes to improve the use of information collected by the EPA. This has strengthened the EPA's intelligence-sharing network across government agencies (both within NSW and interstate) and has used open data sources to provide additional perspectives on problems. This helps to ensure the EPA makes the best use of data and information to support decision-making.

Sustainability performance

We do sustainability

Sustainability is a top priority for the EPA and is at the core of everything we do. The *OEH/EPA Sustainability Strategy 2015–2020* sets out our commitments and targets for improving the organisation's environmental performance.

Our strategies for becoming a more sustainable workplace include:

- working with OEH to ensure that our premises and purchasing practices meet or exceed NSW Government resource efficiency targets for energy, water and waste
- appointing staff as 'sustainability change makers' to champion, lead and support sustainability initiatives within their office or branch.

The EPA this year commissioned a Bin Trim waste assessment at six of our workplaces. Bin Trim is an EPA program that helps small- to medium-sized businesses estimate the amount of waste they generate and take steps to reduce waste and recycle more.

Results

Our sustainable workplace strategies have produced the following results in 2016–17:

- the Bin Trim assessment found that 71% of EPA waste is recycled, ahead of our target to divert 70% of waste from landfill
- development of action plans to further reduce waste by –

- introducing soft plastic and organics recycling at more EPA offices
- reducing the use of paper towels and office paper
- improving waste segregation
- establishment of a sustainability hub on the staff intranet to provide information, resources and opportunities to connect with other staff on sustainability issues
- commencement of the first round of Sustainability Change Maker projects including –
 - working toward paperless meetings at Executive level
 - hosting collection boxes for hard-to-recycle items such as pens and CDs.

Other achievements – exemplary and innovative organisation

Publication this year of the *Sydney Particle Characterisation Study 2000–2014* – the longest study of fine air particles in the world – has significantly expanded the evidence base for initiatives to improve air quality in the Sydney basin.

The EPA’s 3D immersion theatre was showcased to the Narrabri Community Consultative Committee and other stakeholders in regional NSW in May. The theatre provides a virtual training experience that can be used in a diverse range of areas, including gas regulation, environmental pollution scenarios and incident management.

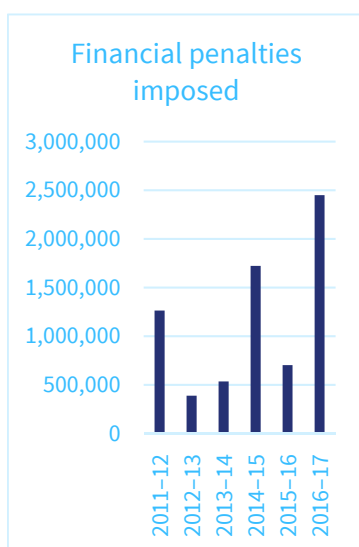
Section 3:

Legal enforcement





94
successful prosecutions
result in record
penalties worth
\$2.5 million



As the primary environmental regulator for NSW, the EPA protects the community and the environment by holding individuals and organisations to account for polluting air, land and water.

In 2016–17, the EPA conducted a high number of successful prosecutions and record penalties were imposed for a range of environmental offences including a Tier 1 offence for water pollution, breaches of environment protection licences and illegal waste disposal. Offenders were found guilty in 94 prosecutions and the courts imposed almost \$2.5 million in financial, as well as other, penalties. Important case studies explaining details of successful prosecutions are included in this section of the report.

In December 2016, the EPA established an in-house Legal Services Branch. Until this time, EPA legal services were provided by the Office of Environment and Heritage (OEH) Legal Services Division. This change means the EPA has its own dedicated lawyers who are familiar with the EPA's priorities and objectives and tailor their services to reflect these.

In 2016–17, new legislation was introduced to support the container deposit scheme, Return and Earn, which is due to roll out from December 2017.

Other legislative amendments included:

- enhancing the EPA's authorised officer powers when dealing with contaminated land
- integrating licensing provisions for transporting trackable waste
- empowering the EPA to use unmanned aerial vehicles (drones) as part of its investigations
- conferring jurisdiction on the Land and Environment Court to hear matters under the *Radiation Control Act 1990*.

Some of these changes commenced on 1 June 2017, others will commence later.

Legal context

Under legislation administered by the Minister for the Environment, the EPA:

- issues and reviews environment protection licences
- issues penalty notices
- prosecutes individuals and companies that are alleged to have committed environmental offences
- enters into enforceable undertakings in lieu of prosecution.

Minister's role

Pursuant to section 13(2) of the *Protection of the Environment Administration Act 1991*, the EPA is not subject to the control and direction of the Minister for the Environment regarding any decision to institute criminal or related proceedings under environment protection legislation. However, the EPA keeps the Minister informed of the progress of significant investigations and prosecutions.

See Appendix 1 for the full list of Acts administered by the EPA in 2016–17.

Legal changes in 2016–17

New and amending Acts

The following Acts were assented to in 2016–17:

- *Protection of the Environment Legislation Miscellaneous Amendments Act 2017* No. 21
- *Waste Avoidance and Resource Recovery Amendment (Container Deposit Scheme) Act 2016* No. 57

New and amending Regulations

The following Regulations were made or remade in 2016–17:

- Dangerous Goods (Road and Rail Transport) Amendment (Revision of ADG Code) Regulation 2017
- Protection of the Environment Operations (Clean Air) Amendment (Open Burning in Lake Macquarie City) Regulation 2016
- Protection of the Environment Operations (Clean Air) Amendment (Solid Fuel Heaters) Regulation 2016
- Protection of the Environment Operations (General) Amendment (Risk-based Licensing) Regulation 2016
- Protection of the Environment Operations (General) Amendment (Underground Petroleum Storage Systems) Regulation 2017
- Protection of the Environment Operations (Hunter River Salinity Trading Scheme) Amendment Regulation 2016
- Protection of the Environment Operations (Waste) Amendment Regulation 2017
- Waste Avoidance and Resource Recovery (Container Deposit Scheme) Regulation 2017

Prosecutions for pollution offences

The EPA commenced 145 prosecutions in 2016–17 and completed 103. Of the completed prosecutions, 54 were for substantive offences and the other 49 were for court-elected matters where the recipient of a penalty notice for littering elected to have the matter determined by a court instead of paying the fine.

The 54 substantive prosecutions resulted in:

- 48 convictions

- five matters where the offence was proven but a conviction was not recorded
- one dismissal.

The 49 court-elected littering prosecutions resulted in:

- 37 convictions
- four matters where the offence was proven but a conviction was not recorded
- eight acquittals.

Total prosecutions under EPA legislation

Fines	\$1,262,455
Other financial penalties (excluding legal costs)	\$1,186,000
Total fines and other financial penalties	\$2,448,455

Appendix 2 provides full details of the substantive prosecutions completed under EPA legislation in 2016–17.

Prosecution case studies

Caltex Australia Petroleum Pty Ltd

Offence: Negligently contributing to the escape of a substance in a manner that harmed or was likely to harm the environment (Tier 1 offence – the most serious environmental offences which attract the highest maximum penalties).

On 12 July 2015, at the Banksmeadow Terminal of Caltex Australia Petroleum, two contractors attempted to remove unleaded petrol from a tank using a pump and temporary hose fitting that were not designed for the task. On opening a valve, the temporary hose connection disengaged and a geyser of about 157,205 litres of petrol gushed out of the tank.

A Fire and Rescue officer, who waded through a pool of petrol to turn off the valve and stop the geyser, was hospitalised due to the exposure, with extreme vomiting and nausea, intense headaches and extreme sensitivity to light.

Plea: guilty

Results

In February 2017, the Land and Environment Court convicted Caltex of negligently, in a material respect, causing or contributing to the conditions that gave rise to a person or persons negligently causing a substance to escape in a manner that harmed or was likely to harm the environment.

Caltex was ordered to pay:

- a total penalty of \$400,000, comprising –
 - \$200,000 paid to Bayside Council for the Bushcare Restoration Project in Sir Joseph Banks Park
 - \$200,000 paid to the Department of Primary Industries for the Mulloway Stocking Project to enhance recreational fishing opportunities in Botany Bay
- the prosecutor's (EPA) legal costs of \$450,000.

Caltex was also ordered to publicise details of the offence in its next annual report, *The Australian Financial Review*, *The Sydney Morning Herald* and *The Southern Courier*.

Complete Asbestos Removal Pty Ltd and Peter Darcy Endacott

Offences: Knowingly provide false or misleading information about waste and furnishing information to the EPA knowing it was false or misleading

From 2012, Cobbora Holding Company Pty Ltd (Cobbora) contracted Complete Asbestos Removal Pty Ltd (CAR) to demolish buildings on a number of Cobbora's properties and lawfully dispose of the resulting waste. In relation to that work, CAR's sole director, Peter Darcy Endacott, provided Cobbora with false documents which he had created and which bore forged signatures. These included:

- fake bonded asbestos clearance certificates which made false representations about what checks had been carried out
- a false friable asbestos clearance report
- nine fake weighbridge dockets, which falsely represented that loads of asbestos waste had been disposed of at waste facilities.

CAR also provided 11 false bonded asbestos clearance certificates to the EPA.

Plea: both CAR and Mr Endacott pleaded guilty to all charges

Results

In December 2016, CAR was convicted in the Land and Environment Court of one offence of furnishing information to the EPA, knowing it was false or misleading in a material respect.

Mr Endacott was also convicted of three offences of supplying information that he knew was false or misleading to another person in the course of dealing with the waste.

CAR was ordered to pay:

- a \$24,000 fine
- the prosecutor's (EPA's) legal costs of \$25,000.

Mr Endacott was ordered to pay:

- \$114,000 in fines
- the prosecutor's (EPA) legal costs of \$25,000.

Custom Chemicals Pty Ltd

Offence: Water pollution

The offence occurred between 1 July 2014 and 17 June 2015 when Custom Chemicals repeatedly pumped liquid containing a mixture of around 30 chemicals from a holding tank into a pond draining into a local creek which flowed to a wetland near the Hunter River. Some of the chemicals discharged would have killed any aquatic life in the pond. The company had not adequately trained its staff and failed to implement any measures that would have prevented environmental harm.

Plea: guilty

Results

In November 2016, Custom Chemicals was convicted by the Land and Environment Court of one offence of water pollution.

Custom Chemicals was ordered to pay:

- a penalty of \$300,000 to OEH for an environmental project to assist in rehabilitating coastal saltmarsh in the Hunter Wetlands National Park
- a penalty of \$60,000 to the NSW Environmental Trust for general environmental purposes
- the prosecutor's (EPA) legal costs of \$40,000 and investigation costs of \$23,567.50.

The company was also ordered to:

- publicise details of the offence in *The Sydney Morning Herald* and *The Newcastle Herald*
- ensure each of its employees attended an environmental training course.

Dyno Nobel Asia Pacific Pty Ltd

Offence: Water pollution and breach of licence condition

In February 2015, Dyno Nobel Asia Pacific Pty Ltd moved the end of a pipe leading from a dam containing wastewaters, causing it to lie in a field. Following the failure of a valve, wastewaters discharged from the pipe and flowed from the premises along ephemeral channels and into a stock-watering dam on a neighbouring farm, before stopping approximately 200 metres from the Hunter River. The wastewaters contained high levels of nitrates. The Court found that the incident had caused substantial environmental harm, including killing five cattle on the neighbouring farm.

Plea: guilty

Results

In May 2017, the Land and Environment Court convicted Dyno Nobel of water pollution and a breach of its environment protection licence.

Dyno Nobel was ordered to pay:

- a \$400,000 fine for pollution of waters
- a \$60,000 fine for breaching the licence
- the prosecutor's (EPA) legal costs of \$72,000 and investigation costs of \$750.

The company was also ordered to publicise the details of the offence in *The Australian Financial Review*, *The Newcastle Herald* and *The Singleton Argus*.

Dyno Nobel has launched an appeal against the severity of the penalties imposed.

Phillip Foxman, Foxman Environmental Development Services Pty Ltd and Botany Building Recyclers Pty Ltd

Offence: Waste offences

In 2009 and then again in 2010, Botany Building Recyclers Pty Ltd was responsible for the unlawful transport of around 15,900 tonnes of building waste contaminated by asbestos from Banksmeadow to land owned by Foxman Environmental Development Services Pty Ltd in Wollondilly Shire, where it was unlawfully stored. As a director of both companies, Mr Phillip Foxman was active in both the transport and storage of the waste.

Plea: all offenders pleaded not guilty to each offence

Results

In September 2016, the Land and Environment Court handed down judgement:

- Foxman Environmental Development Services was convicted of one offence of unlawfully using land as a waste facility

- Botany Building Recyclers was convicted of two offences of unlawfully transporting waste to a place that could not lawfully be used as a waste facility
- Phillip Foxman, as the director of both companies, was convicted of one offence of unlawfully using land as a waste facility and two offences of unlawfully transporting waste to a place that could not lawfully be used as a waste facility.

Total fines imposed were:

- Foxman Environmental Development Services – \$100,000
- Botany Building Recyclers – \$40,000
- Phillip Foxman – \$250,000.

The offenders were also ordered to:

- pay the prosecutor's (EPA) costs as agreed or assessed and investigation costs of \$4646
- publicise details of the offences in *The Sydney Morning Herald* and *Inside Waste* magazine.

Foxman Environmental Development Services and Phillip Foxman were also ordered to remove the waste and dispose of it at a facility that could lawfully accept it.

Hawkesbury City Council

Offences: Water pollution and breach of licence condition (two separate incidents)

The breached licence conditions were those requiring the council to:

- carry out its licensed activities in a competent manner
- maintain its plant and equipment in a proper and efficient condition.

The first incident occurred between 18 and 20 July 2015, when around 465,700 litres of partially treated sewage sludge overflowed via an uncapped pipe into the stormwater system at the council's South Windsor sewage treatment plant and then off the premises. The incident was likely to have significantly but temporarily harmed the aquatic environment in a 400-metre stretch of an ephemeral creek in adjacent Windsor Downs Nature Reserve and posed a potential risk to public health.

The second incident took place between 7 and 8 August 2015, when approximately 100,000 litres of partially treated sewage sludge overflowed from the same plant onto a neighbouring road and private property. This overflow occurred because bolts connecting a pump came loose. This incident posed a potential risk to public health.

Plea: guilty

Results

In April 2017, the Land and Environment Court convicted Hawkesbury City Council of one offence of water pollution and two offences of breaching conditions of its environment protection licence.

The council was ordered to pay:

- a total penalty of \$175,000 to the National Parks and Wildlife Service for a stormwater quality improvement project in Windsor Downs Nature Reserve
- the prosecutor's (EPA) costs of \$90,000 and investigation costs of \$4,529.30.

The council was also ordered to publicise details of the offences in *The Hawkesbury Gazette* and *The Western Weekender*.

Enforceable undertakings: an alternative to court

Enforceable undertakings allow the EPA to enhance its enforcement capability and can be an acceptable alternative to court proceedings. Consistent with the *Protection of the Environment Operations Act 1997* (POEO Act), the EPA may use enforceable undertakings where there has been a breach or potential breach of legislation. The EPA may:

- negotiate environmental restoration measures
- require improvement to a company's environmental systems
- require the company or individual to make a monetary contribution to an environmental project or initiative.

These undertakings are enforceable in the Land and Environment Court.

In 2016–17, the EPA entered into two enforceable undertakings which required the parties to take certain corrective actions and make monetary contributions totalling \$122,000 to environmental projects and initiatives.

Licence reviews

Environment protection licences issued under the POEO Act must be reviewed every five years in accordance with section 78 of the Act.

In 2016–17, 233 licences were due for review. Of these, the EPA completed 232 reviews by the due date, which is close to 100% compliance. 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
2016–17	233	232	1

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

Penalty notices

In 2016–17, a total of 10,480 penalty notices were issued by the EPA and 6145 notices by other state or local government agencies, such as OEH and the National Parks and Wildlife Service. The total value of all penalty notices was \$5,217,520.

The largest number of fines under EPA legislation related to littering from motor vehicles, with 11,725 infringements amounting to over \$3 million in fines. This reflects the success of the EPA's programs encouraging the public to report littering from vehicles.

See Appendix 3 for the full list of penalties.

Section 4:

Grants and sponsorships



EPA grants and sponsorships help us achieve our vision for NSW – a healthy environment, healthy community and healthy business – by funding campaigns, resources, infrastructure, events, education and research that enable everyone in the state to share responsibility for protecting the environment.



In 2016–17, the EPA provided \$37,832,434 in grants, of which \$34,707,268 was for waste programs. This is comparable to 2015–16, when over \$38 million was provided.

The EPA also provided \$249,036 in sponsorships. This is comparable to 2015–16, when \$250,801 was provided. Around 83% of all sponsorships (worth \$215,036) were related to waste management, recycling and resource recovery.

Grants

The EPA provides grants to government, business and the community to help them deal with environmental issues, such as waste, land contamination and air quality.

In 2016–17, most EPA grants related to waste management, especially local government programs, illegal dumping clean-up and prevention programs, the Bin Trim program and litter prevention. The EPA also continued to fund programs that address significant ongoing environmental problems, such as PFAS contamination, contaminated land and lead.

EPA grants fund a wide range of programs and activities such as public campaigns, community engagement, site clean-up and remediation and research, including:

- *Hey Tosser!* campaign materials
- posters for a targeted campaign to increase lead awareness in Broken Hill
- Household Chemical CleanOut events for problem household waste such as batteries and leftover paint
- remediation of former gasworks facilities.

The grants also funded staff, infrastructure, equipment and technology, including:

- development of a weather app. to help farmers determine the best conditions for agricultural burns
- spill kits for use at community recycling centres
- regional waste coordinators
- lighting and signage to discourage illegal dumping at charity bins.

The table summarises the grants paid and approved in 2016–17. Some grants paid in 2016–17 were approved in previous financial years.

See the Performance section for more details on major achievements related to funded programs and Appendices 4 and 5 for the full list of program descriptions and grantees.

Grant program	Total payments 2016–17	Grants approved 2016– 17
Waste grants		
Local government (regional waste programs)	\$21,665,133	\$21,583,138
Bin Trim grants and rebates (external funding)	\$3,720,110	\$1,318,036
Bin Trim grants (recurrent funding)	\$725,436	–
Illegal dumping (prevention and clean-up)	\$3,368,756	\$3,446,727
Litter prevention	\$1,862,294	\$1,398,777
Improving systems for household problem wastes (Community Recycling Centres – CRCs)	\$1,351,519	\$1,351,519
Organics Infrastructure Fund	\$1,341,918	\$187,711
Industrial Ecology business support	\$628,314	\$225,920
Waste and recycling infrastructure: Australian Packaging Covenant grants	\$47,056	–
Weighbridge Fund	–\$23,268	\$322,950
Container Deposit Scheme	\$20,000	\$20,000
Subtotal	\$34,707,268	\$29,854,778
Other grants		
Williamstown contamination	\$966,380	\$1,274,180
Regional Capacity Building Program	\$600,000	–
Derelict underground petroleum storage systems	\$905,580	\$855,580
Council gasworks	\$191,015	\$191,015
Other grants (innocent owners)	\$93,341	\$93,341
Woodsmoke Reduction Project	\$50,000	\$50,000
Broken Hill Environmental Lead Program	\$291,577	\$291,577
Agricultural burning app.	\$27,273	\$27,273
Subtotal	\$3,125,166	\$2,782,966
Total	\$37,832,434	\$32,637,744



Environmentalists Ewelina Soroko from Sustainable Salons Australia and former hairdresser Paul Frasca have bought new equipment through the Bin Trim Program to encourage more salons to recycle. Photo: N Marsh/TVU Productions

Sponsorships

The EPA sponsors activities and events such as awards, scholarships, meetings and conferences. These sponsorships help the EPA share information and knowledge with stakeholders, recognise achievements, support best practice and demonstrate our commitment to working constructively with business and the community. See Appendix 6 for a full list of sponsorships in 2016–17.

Large sponsorships this year included:

- the Keep NSW Beautiful Litter Congress
- Excellence in the Environment Awards at the Local Government NSW 2016 Conference (waste education and resource recovery categories)
- the 1 Million Women Roadshow and Food Lover social media campaign – both aimed at raising awareness of how to avoid food waste
- University of NSW (UNSW) scholarship program (environmental engineering).

Small sponsorships included:

- Think.Eat.Save – an annual event managed by OzHarvest which raises awareness of food donation for the needy
- Bulk Tanker Day 2016 which provides an opportunity to inform industry of the EPA's current and pending dangerous goods safety initiatives
- Tweed Shire Council/Aboriginal Network Conference 2016 to support the improvement of waste management in Aboriginal communities
- Centre for Organic Research for an evaluation report on International Compost Awareness Week Australia 2016.

Section 5: Our people



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

The Chair and CEO, Barry Buffier OAM, leads the EPA along with a Senior Management Group with many years' experience in environment protection and regulation and related fields. Our highly skilled workforce fulfils many roles, ranging from regulatory functions, such as licensing, inspections, audits, investigations and prosecutions, to policy development and grants project management.



The proportion of EPA staff in various roles

Workplace diversity and development

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

The EPA's results from the *People Matter 2017 NSW Public Sector Employee Survey* indicate that our diversity initiatives are effective, with 82% of respondents agreeing that:

- the EPA respects individual differences (including cultures and backgrounds)
- personal (cultural) background is not a barrier to success.

These results are higher than the public sector average of 74% for both questions.

A higher proportion of EPA staff also agreed that senior managers support the career advancement of women (73% compared with 58% sector-wide).

Mechanisms for supporting diversity across the EPA include:

- flexible and family-friendly work options – 75% of staff were satisfied with their ability to access and use flexible working arrangements in the *People Matter 2017* survey, compared with 57% for the whole public sector
- requiring both males and females on recruitment panels even though this is no longer necessary under the *Government Sector Employment Act 2013*
- participation in the CareerTrackers Indigenous Internship Program which employs Aboriginal undergraduate students with the aim that, upon graduation, they will be qualified for ongoing positions in the EPA – three undergraduate interns commenced employment during 2016–17
- a graduate employment program with six graduates joining the organisation across two intakes in 2016–17
- the Spokeswomen’s Committee, which encourages EPA staff to further the rights and opportunities of women across the organisation
- the EPA Diversity Committee – a staff-led, organisation-wide working group championed by the EPA’s Chair and CEO
- the People, Strategy and Culture Executive Sub-Committee.

The EPA continues to enhance workforce development by seeking and acting on employee feedback and providing a range of training and career development options to staff. The *People Matter 2017* survey also provides important feedback on where the EPA can improve – see details in Performance: Key result area 6.

Recent EPA initiatives that will be further advanced in the 2017–18 financial year include:

- establishment of a Relocation Executive Sub-Committee to ensure effective change management ahead of the relocation of our Sydney office to Parramatta at the end of 2019
- support for the Public Service Commission’s Respect, Reflect, Reset campaign to reduce workplace bullying through the EPA’s zero tolerance policy for workplace bullying and addressing any reported instances immediately.

Cluster-wide initiatives

Until the end of 2016, the Office of Environment and Heritage (OEH) provided human resources services to the EPA. These services are now provided by the Department of Planning and Environment (DPE) Cluster Corporate Services under the terms of a Shared Service Agreement.

Further initiatives in workforce diversity being developed by DPE’s Culture and Development team and implemented across 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 Culture and Development team and the NSW Public Service Commission to enhance workforce diversity.

Staff statistics

EPA staff by category

Total staffing by category (head count*)	30 June 2015	30 June 2016	30 June 2017
Permanent full-time	392	384	393
Permanent part-time	38	41	45
Temporary full-time	57	110	121
Temporary part-time	19	21	12
Casual	0	0	2
Total	506	556	573

* Head count numbers include all EPA employees by classification.

EPA staff by location

Total staffing by location (head count*)	30 June 2015	30 June 2016	30 June 2017
Sydney metropolitan area	374	402	417
Regional areas	132	154	156
Total	506	556	573

* Head count numbers include all EPA employees by classification.

Trends in the representation of workforce diversity groups

Workforce diversity group	Benchmark	2015	2016	2017
Women	50%	53.1%	53.3%	53.7%
Aboriginal and Torres Strait Islander People	3.3%	1.0%	1.1%	1.1%
People whose first language spoken as a child was not English	23.2%*	13.1%	10.6%	13.1%
People with a disability	n/a**	3.1%	3.3%	3.8%
People with a disability requiring work-related adjustment	n/a	0.7%	1.3%	1.0%

* A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for people whose first language spoken as a child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

** Work is underway to improve the reporting of disability information in the sector to enable comparisons with population data. For this reason, no benchmark has been provided for people with a disability or for people with a disability requiring work-related adjustment.

Trends in the distribution* of workforce diversity groups

Workforce diversity group	Benchmark	2015	2016	2017
Women	100	90	91	92
Aboriginal and Torres Strait Islander People	100	n/a	n/a	n/a
People whose first language spoken as a child was not English	100	96	98	98
People with a disability	100	n/a	n/a	101
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a

* A Distribution Index score of 100 indicates that the distribution of members of the workforce diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the workforce diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the workforce diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Government sector employment compliance

The *Government Sector Employment Act 2013* (GSE Act), which commenced on 24 February 2014, provides the 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 EPA has revised its executive structure in line with the requirements of the GSE Act. The agency's Senior Executive now consists of 21 Public Service Senior Executive (PSSE) roles approved under the Public Service Commissioner's Senior Executive Implementation Plan. Seventeen of these roles were filled by the 24 February 2017 deadline with the remainder recruited by the time of publication of this report.

The EPA's last Annual Report stated that there would be 19 senior executive roles in the revised executive structure. However the two additional executive roles reported this year are the result of the EPA setting up its own legal branch.

In addition to the 21 PSSE roles, the EPA has one Head of Agency – the Chair and CEO. The GSE Act does not apply to this position because it is a statutory office established by the *Protection of the Environment Administration Act 1991* that is appointed by the NSW Governor.

Non-executive staff

All non-executive staff have transitioned from position descriptions to role descriptions, meeting the GSE Act requirements against the new capability framework common across the NSW public sector.

Section 6: Governance



The EPA is committed to exemplary governance, ethical conduct and making evidence-based decisions. To achieve these objectives, we regularly review, assess and report on our performance.

In 2016–17, our Board and Executive team continued to oversee the effective and transparent management of the EPA.

To ensure good governance, the EPA:

- regularly reviews policies and procedures
- conducts internal audits
- Implements a risk management framework to minimise potential risks to the agency
- adheres to government statutory requirements
- monitors the achievement of key performance measures in the Strategic Plan
- annually reviews the Strategic Plan to ensure it is up-to-date and reflects new initiatives and priorities.

In 2016–17, the EPA was fully compliant with its statutory obligations. In addition, we:

- maintained our excellent work health and safety record
- made significant progress in achieving resource efficiency targets set by the NSW Government.

EPA Board

The EPA Board is an independent governing body that oversees and monitors the organisation and comprises members with expertise in relevant areas.



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

What does the EPA Board do?

The Board's functions, responsibilities and governance are detailed in its charter, which builds on provisions in the *Protection of the Environment Operations Act 1997* (POEO Act) and *Protection of the Environment Administration Act 1991* (POEA Act) and is reviewed every two to three years to ensure it meets contemporary requirements.

In accordance with its charter, the EPA Board:

- determines the EPA's policies and long-term strategic plans
- oversees the effective, efficient and economic management of the organisation
- develops public information guidelines relating to criminal and related proceedings
- determines whether the EPA should prosecute for serious environment protection offences referred to in section 17 of the POEA Act
- advises the Minister for the Environment on matters relating to environment protection
- receives reports from staff on any failure by the EPA to comply with the requirement to review environment protection licences every five years
- approves exemptions from the provisions of EPA-administered legislation where the EPA is satisfied that compliance is not practicable and non-compliance will have no significant adverse effect on public health, property or the environment
- provides the Minister with an annual Regulatory Assurance Statement which summarises the EPA's performance and is tabled in Parliament with the Annual Report and made available on the EPA website.

Board independence

The independence of the Board and the EPA is established by the POEA Act (sections 15–19) as follows:

The EPA Board is not subject to the control and direction of the Minister for the Environment in exercising any of its functions.

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 Board's policies and decisions, subject to any directions of the Minister.

The EPA is not subject to the control and direction of the Minister in relation to any:

- report or recommendation made to the Minister
- state of the environment report
- decision to institute criminal or related proceedings.

Board meetings held

In 2016–17, the EPA Board met 11 times. Members attended all meetings unless otherwise indicated.

- 5 July 2016
- 3 August 2016
- 13 September 2016
- 19 October 2016
- 8 December 2016

- 14 February 2017
- 30–31 March 2017 (in Port Macquarie)
- 17 May 2017
- 28 May 2017 (extraordinary meeting by teleconference)
- 2 June 2017 (extraordinary meeting by teleconference – Chris Knoblanche not in attendance)
- 22 June 2016.

The Board regularly holds meetings in regional areas to:

- gain a better appreciation and understanding of local issues
- meet with local industry, government and community representatives
- meet with key stakeholders to discuss environmental issues.

Board visit to Port Macquarie

The March Board meeting was held in Port Macquarie and was part of a two-day regional visit which included site visits to Bulls Ground State Forest, Boral sawmill, Burrawan State Forest and a private native forestry site. During this visit, the Board met with representatives of Port Macquarie–Hastings Council, Kempsey Shire Council, MidWaste Regional Waste Forum, North Coast Environment Council, North East Forest Alliance, Nambucca Valley Conservation Association, Forestry Corporation, Boral Timber and Hurford Hardwoods.

Integrity of the Board

Conflict of interest disclosures

Board members must disclose any pecuniary or other interests that may conflict with the proper performance of their duties. See Appendix 7 for details of these requirements.

All members of the EPA Board lodged their ordinary disclosure returns for the 2015–16 financial year by 1 October 2016.

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

Board members

The EPA Board has five members: the Chair and CEO and four part-time members who are appointed by the Governor of NSW on the recommendation of the Minister for the Environment.

Our Board has extensive experience in the fields of environmental science, environmental law, business and corporate finance, risk planning and management. They also have established ties to, and understanding of, business and community groups.

Barry Buffier AM: Chair and CEO

Bachelor of Rural Science (Honours); Master of Economics

Term of appointment: 2 April 2017 – 30 September 2019

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
- National Manager, Agribusiness at Westpac.

Barry is a Churchill Fellow and Fellow of the Australian Institute of Company Directors. He was appointed a member of the Order of Australia (AM) in 2015 for significant service to public administration through senior roles in the environment protection, primary industry and state development sectors.

Alec Brennan AM

Bachelor of Science (Food Technology) (Honours); Master of Business Administration

Term of appointment: 1 March 2017 – 28 February 2019

Alec Brennan brings to the EPA Board 40 years' business experience in a range of industries including manufacturing, resources and distribution. His expertise covers such areas as strategy, process management, governance and finance and risk management. He also chairs the EPA Finance, Audit and Risk Committee.

Alec has been a public company director for more than 20 years and is a director of several private companies. He is a Fellow of the Australian Institute of Company Directors.

His other roles and responsibilities include:

- Deputy Chancellor, University of Sydney
- Chair, University of Sydney Senate Finance and Audit Committee
- Chair, Sydney Institute of Marine Science Foundation.

Alec 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

Term of appointment: 1 March 2017 – 28 February 2021

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

Other professional roles and experience include:

- NSW Government appointee to the Central Sydney Planning Committee
- Board member, Barangaroo Delivery Authority
- Board member (2009–2016), City West Housing Pty Ltd
- Deputy chair, ACT City Renewal Authority

- Fellow, Australian Institute of Company Directors.

Chris Knoblanche AM

Bachelor of Commerce (Accounting and Financial Management)

Term of appointment: 1 March 2017 – 28 February 2021

Chris Knoblanche has been advising local and multinational companies for over 35 years in areas such as corporate strategy, financing, risk control and management. He is a company director on several boards. Chris also sits on the EPA Finance, Audit and Risk Committee.

Chris was previously CEO/Head of Citigroup, Corporate and Investment Banking, Australia and New Zealand. He is a member of the Institute of Chartered Accountants and a Fellow of the Australian Society of Certified Practising Accountants.

Chris was appointed a member of the Order of Australia (AM) in 2014 for significant service to arts administration, the community and the business and finance sector. In 2001, he was awarded the Centenary Medal by the Australian Government for service to Australian society through business and the arts.

Julie Savet Ward

Bachelor of Science (Applied Physical Geography) (Honours); Master of Landscape Planning

Term of appointment: 1 March 2017 – 28 February 2019

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.

Julie 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. Julie is also a Fellow of the Australian Institute of Company Directors.

Our Executive team

The EPA Executive team comprises the Chair and CEO, the Chief Environmental Regulator, and five senior directors. The Executive team leads the implementation of the EPA's operations and is responsible for:

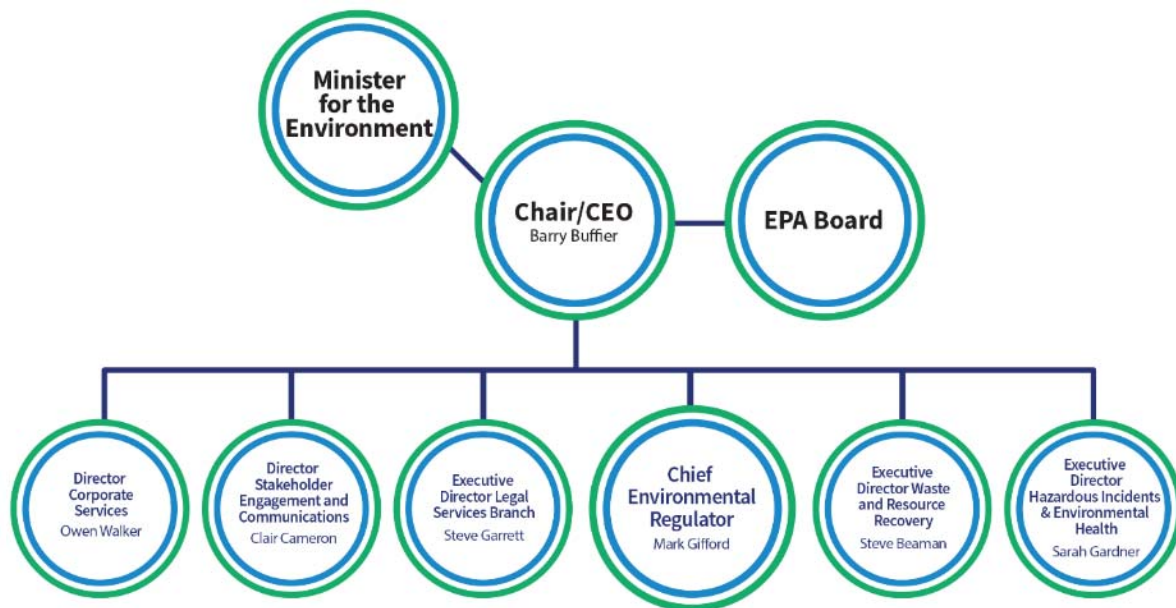
- delivery of the EPA Strategic Plan
- final approval of policies, programs, systems and procedures.

Our Executive team bring a wide range of skills and experience to the organisation, including in the areas of regulation, policy, communications, planning and conservation.

The Executive team is part of the EPA's Senior Management Group (SMG), as shown in the EPA Organisation Chart. SMG work includes:

- discussing key initiatives and challenges for the EPA
- sharing information on branch initiatives and priorities
- approving changes to EPA operations and processes.

The SMG is responsible for delivering projects to ensure that the EPA is an exemplar organisation. These projects focus on improving systems, testing innovative technology, and staff development.



EPA Organisation chart

Executive members

Barry Buffier: EPA Chair and CEO

The Chair and CEO is responsible for managing and controlling the affairs of the EPA in accordance with the policies determined by the Board and any other Board decisions, and subject to any directions from the Minister for the Environment. The Chair is also the presiding member of the Board.

Barry Buffier has had significant senior executive and board experience in the public and private sectors. See EPA Board for Barry's full biography.

Mark Gifford PSM: Chief Environmental Regulator

Mark Gifford leads the EPA's day-to-day regulatory operations to ensure:

- efficient delivery of diverse and complex environment protection services
- provision of targeted environmental policies and programs.

Mark has more than 30 years' experience in management and leadership of government agencies. For most of that time he has worked in the areas of regulation and environment protection and conservation.

Steve Beaman PSM: Executive Director, Waste and Resource Recovery

Until 30 June 2017, Steve Beaman led the EPA's policies, programs and operations associated with waste management and resource recovery, including delivery of the NSW government initiatives:

- *Waste Less, Recycle More*
- Energy from Waste
- Container Deposit Scheme (from July 2017 known as 'Return and Earn').

Steve has more than 20 years' experience in environmental policy and regulation in the NSW Government, including more than eight years as a Senior Executive. This experience is across a

diverse range of policy and program areas, including natural resources management, environmental planning and regulation, resource recovery and community programs.

Steve was recognised for his work with a Public Service Medal for outstanding public service to the NSW environment through waste reduction and recycling programs in 2016 and a Leaders List award by the environmental business *WME Magazine* for individual leadership in sustainability in 2014.

Sarah Gardner: Executive Director, Hazardous Incidents and Environmental Health

Until 30 June 2017, Sarah Gardner led the development and delivery of environment protection and regulatory functions associated with:

- hazardous chemicals and waste, including the response to hazardous incidents
- dangerous goods
- pesticides
- contaminated land
- radiation.

Sarah has an extensive background in environmental health, regulation and public policy. She has worked at both the state and federal levels of government in New Zealand and Australia and is familiar with the chemical, oil and gas sectors.

Before joining the EPA, Sarah worked at the New Zealand Environmental Protection Authority as the General Manager of Applications and Assessment, dealing with risk management, applications for large-scale infrastructure, environmental impact assessment and decision-making, and legislative and policy reform.

Clair Cameron: Director, Stakeholder Engagement and Communications

Clair Cameron leads communications, public affairs and stakeholder engagement, ensuring that her team provides clear and responsive information to the public and develops effective engagement and collaboration approaches.

Clair has a wealth of experience in communications and stakeholder engagement in both the private and public sectors. In her most recent position as General Manager, Communications and Stakeholder Engagement, Meat and Livestock Australia (MLA), Clair oversaw engagement with multiple stakeholders, including peak councils, industry bodies, the Australian Government and Ministers' offices.

Before working at the MLA, Clair worked for FTI Consulting, where as the head of Corporate and Public Affairs she managed a range of high-profile national and international clients. She has also worked in state government and in a Ministerial office.

Owen Walker: Director, Corporate Services, Chief Finance Officer

Owen Walker leads the EPA's corporate services, including:

- corporate financial management and control
- corporate risk management and governance
- management and coordination of human resource strategies and WHS services
- ICT strategy and systems development and management
- management of POEO dangerous goods, pesticides and radiation licensing functions.

Owen has a wealth of experience in finance and governance in transport and environment portfolios in the NSW government. He has held a number executive management positions over the past six years.

Steve Garrett: Executive Director, Legal Services

Steve Garrett leads the EPA's legal and investigation services, including:

- legislation services
- litigation services
- specialist investigation.

Steve has worked in the EPA and the Office of Environment and Heritage since 1992 and has held senior management positions within the Legal Services Branch for about 20 years. He was previously an environmental lawyer with Blake Dawson Waldron (now Ashurst).

Steve has extensive experience in delivery and administration of environmental legislation to ensure good regulatory outcomes.

Executive remuneration

EPA Senior Executive staff

Band	2015–16			2016–17		
	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	2	2	1	3	4
Band 1 Director	4	17	21	6	10	16
Totals	4	20	24	7	14	21

Average remuneration of Senior Executive staff*

Band	Range	Average remuneration 2016–17
Band 4 Secretary	\$452,251–\$522,500	–
Band 3 (Deputy Secretary)	\$320,901–\$452,250	\$495,230**
Band 2 (Executive Secretary)	\$255,051–\$320,900	\$287,899
Band 1 Director	\$178,850–\$255,050	\$213,636

* The percentage of total employee-related expenditure for senior executives in 2016–17 was 7%.

** In addition to a remuneration salary of \$452,230, this employee (already on top of Band 3) also receives a recruitment allowance of \$43,000 per annum.

Managing risks to the organisation

The EPA has a risk management framework to minimise potential risks to the agency. This framework addresses statutory requirements for managing risk, including regular internal risk reviews, appropriate insurance and complaints procedures. In 2016–17, the EPA complied with all statutory requirements.

Finance, Audit and Risk Committee

The Finance, Audit and Risk (FAR) Committee oversees and monitors the EPA's governance, risk and control frameworks and external accountability requirements.

This independent committee is directly responsible to the EPA Board and has no executive powers. The current members, appointed for three-year terms, are:

- Alec Brennan
 - independent Chair (18 May 2017 – 17 May 2020)
 - independent member 1 (18 May 2016 – 17 May 2017)
- Chris Knoblanche
 - independent member 1 (18 May 2017 – 17 May 2020)
 - independent Chair (18 May 2016 – 17 May 2017)
- Christine Hawkins
 - independent member 2 (11 April 2016 – 10 April 2019).

In 2016–17, meetings were held in July, 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 completes an attestation statement that indicates all the Treasury requirements have been met, which is reproduced on the following page.

EPA internal audit

The EPA's internal audit program is an independent, objective assurance and consulting activity that aims to improve the organisation's operations. The EPA conducts its own program and also participates in the OEH Internal Audit Program.

The Manager, Finance, Risk and Governance holds the role of the Chief Audit Executive and heads the EPA's internal audit function. The EPA Internal Audit Charter provides the framework for internal audits and the EPA Internal Audit Plan sets out the program for conducting audits from 2014–17.

In accordance with statutory requirements, the FAR Committee conducted its annual review of the EPA's Internal Audit Charter to ensure it continues to be consistent with the agency's financial, risk management and governance arrangements and current best practice. The EPA Board approved the charter.

In 2016–17, the EPA:

- completed a review of management processes for two waste grant programs
- commenced a review of corporate governance arrangements for two RID squads
- completed two internal audits in OEH, which reviewed financial accountability (budgeting, forecasting and reporting) and fraud and corruption prevention in procurement activities.

Internal Audit and Risk Management Attestation Statement for the 2016-2017 Financial Year for the Environment Protection Authority

I, Barry Buffier, 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 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
Risk Management Framework	
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
Internal Audit Function	
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
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
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 Alec Brennan, (3 year term of appointment, commenced on 18 May 2017)
- Independent Member, Chris Knoblanche, (3 year term of re-appointment, commenced on 18 May 2017)
- Independent Member, Ms Christine Hawkins (3 year term of appointment, commenced 11 April 2016)


 Chair and CEO, Environment Protection Authority
 Date:

Agency Contact Officer:
 Adrian Lewis
 Executive Project Officer
 EPA Board

EPA insurance

The EPA's insurance cover is provided by the Treasury-Managed Fund (TMF) which is managed by the NSW Self-Insurance Corporation.

The table shows the cost of the EPA's insurance premiums for the past three years.

EPA insurance premiums

Area of risk	2014–15 \$'000	2015–16 \$'000	2016–17 \$'000
Workers' compensation	166	191	526
Public liability	26	29	41
Property	9	5	7
Motor vehicles	156	120	52
Miscellaneous losses*	1	1	0
Total	358	346	625**

* Miscellaneous losses include, but are not limited to, employee dishonesty, personal accident and protection during overseas travel.

** Rounded down.

Premiums are based on claims history and reflect the EPA's risk management approach to managing claims. The increase in workers' compensation costs includes a hindsight adjustment of \$268,000 paid in 2016–17 that related to claims in 2013–14.

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. The EPA did not receive any public interest disclosures in 2016–17. See Appendix 8 for the information the EPA is required to report.

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. Nominated disclosure officers and other staff also 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.

Public reporting of environmental incidents

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 the Office of Environment and Heritage [OEH] as well).

In 2016–17, Environment Line received more than 7800 reports of pollution incidents for which the EPA had regulatory responsibility. These incidents related to air, water and noise pollution; waste; hazardous chemicals; illegal dumping; and littering. While 97% of all inquiries were responded to, the EPA is investigating why the remaining 3% were not addressed, and ensuring that 100% of calls are responded to.

Environment Line complaints received between 2013–14 and 2016–17 where the EPA is the appropriate regulatory authority

Type of complaint	2013–14	2014–15	2015–16	2016–17
Odour	2,229	1,850	2,059	1,815
Air quality	758	741	843	787
Noise	1,389	1,780	1,181	1,114
Water	–	–	–	2,194
Chemicals and waste	–	–	–	1,372
Pesticides	–	–	–	311
Other issues	2,278	2,985	3,348	228
Total	6,654	7,356	7,431	7,821

Consumer inquiries and complaints

Complaints from the public sometimes relate to dissatisfaction with the EPA's response to a specific issue or the timeliness of action on a pollution report. Others reflect a misconception that the EPA is the appropriate regulatory authority when other state agencies or local councils are responsible for the issue. In these 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. In 2016–17, the EPA made one report to the ICAC and no reports to the Ombudsman.

Controlled entities

In 2016–17, 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 the EPA and OEH outlines ways in which the EPA complies with the principles of the *Privacy and Personal Information Protection Act 1998* and *Health Records and Information Privacy Act 2002*. The plan is available from the EPA website: www.epa.nsw.gov.au.

During 2016–17, the EPA completed:

- one internal review request received in 2015–16
- one new request for an internal review.

Public access to government information

Members of the public, the media, business and other organisations have the right to access government information under the *Government Information (Public Access) Act 2009* (GIPA Act), unless releasing this information is against the public interest. This includes information that is not usually available to the public.

Under sections 7(3) and 125 of the GIPA Act and clause 7(a) of the Government Information (Public Access) Regulation 2009, the EPA has annual reporting obligations relating to:

- review and proactively release information to the public
- respond to applications for access to information.

Review of proactive release program

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

In 2016–17, information released on the EPA website included:

- maps and technical reports about threatened ecological communities in several forestry regions
- maps of predicted occurrence of koala habitat in north-eastern NSW
- final drafts of several radiation guidelines
- the report of a study of methane and volatile organic compound emissions in NSW
- the results of a survey of diesel locomotive emissions and a report on testing diesel locomotive fuel efficiency and emissions
- the Sydney Particle Characterisation Study
- Clean Air for NSW consultation and summit papers
- further technical guidance on sampling sites that may be contaminated by per- and poly-fluoroalkyl substances (PFAS).

Access applications received in 2016–17

This year, the EPA received 83 valid applications for access to information and 79 decisions were finalised by 30 June, including those relating to applications received in the previous year. Some applications will be decided (and reported) in 2017–18.

Most applications were made by members of the public. Eleven applications were made for review, of which eight EPA decisions were upheld. The outcomes of the applications are shown in the table below.

Outcome	
Access granted in full	35
Access granted in part	25
Access refused in full	2
Information not held	7
Information already available	0
Refuse to deal with application	3
Refuse to confirm or deny whether information was held	2
Application withdrawn	5

For full details of the applications and outcomes, in accordance with statutory reporting requirements under clause 7 of the GIPA Regulation, see Appendix 9.

Other statutory reporting requirements

Shared governance and essential services

During the reporting year, corporate and essential services previously provided by OEH were transferred to the Department of Planning and Environment (DPE) Cluster Corporate Services.

The following EPA statutory reporting requirements are covered by a shared service arrangement and will be reported in *OEH Annual Report 2016–17*:

- 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 (now DPE Cluster Corporate Services) provides EPA work health and safety services within the shared governance and essential services agreement. The EPA has one of the lowest incident rates within the DPE cluster. Further information may be sourced from *OEH Annual Report 2016–17*.

EPA claims and reports

	2013–14	2014–15	2015–16	2016–17
Incidents, accidents and injuries reported	121	77	57	52
Workers' compensation claims made	3	3	4	3
Value of worker's compensation claims*	\$237,301	\$36,027	\$58,372	\$34,195

* Based on net incurred

Government resource efficiency

The EPA complies with the Government Resource Efficiency Policy (GREP) through the agency's Sustainability Program. GREP sets out actions, targets and minimum standards for resource efficiency in NSW Government operations.

OEH delivered its second GREP report for OEH and the EPA in 2016. The report tracks both agencies' progress toward GREP energy, water and waste reduction targets. Combined achievements for the reporting period included:

- progress toward GREP's interim energy efficiency target
- a reduction of 35% in copy paper purchased compared with the previous year
- exceeding National Australian Built Environment Rating System (NABERS) 4.5-star minimum energy ratings with 5 stars at head office and 5.5 stars at Parramatta.

The report also includes a statement of compliance and outlines actions taken beyond GREP requirements, which included further reducing paper use, and measures to improve indoor air quality at the EPA's head office in Goulburn Street.

The full report is available on the OEH website:

<http://www.environment.nsw.gov.au/performance/performance.htm>.

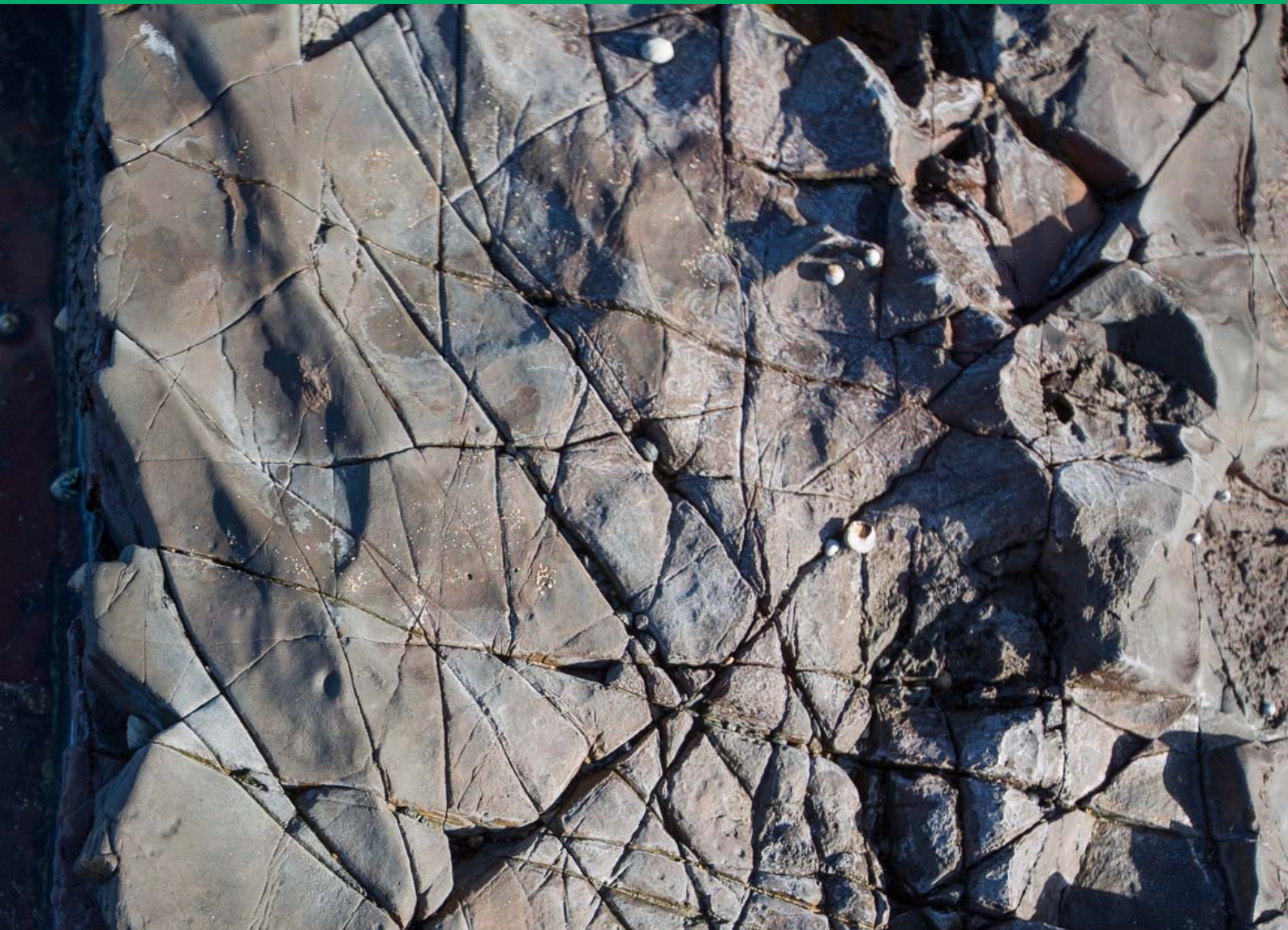
In addition to GREP compliance measures, the EPA's Bin Trim waste assessment found that most EPA offices are on track to meet, or have already exceeded, our target of diverting 70% of our waste from landfill by 2020. See Performance: Key result area 6 for more information.

Overseas travel

Name	Purpose of visit (summary)	Dates
Mark Gifford	Travel to New Zealand to attend the Heads of EPA (HEPA) meeting	26–28 September 2016
Steve Beaman	Travel to New Zealand to attend the HEPA meeting	25–26 September 2016

Section 7:

Financial performance



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The EPA receives government funding as a grant from the Department of Planning and Environment (DPE). Income is also derived from other NSW and Commonwealth agencies and the public and administrative fees paid by the regulated community.

Spending on EPA programs



- Air, noise, water regulation & compliance - \$9.4m
- Managing contaminated sites - \$16.4m
- Waste regulation & litter reduction - \$19.3m
- Chemicals & radiation regulation - \$21.7m
- Other regulation & compliance - \$101.9m

Financial overview

Our total income for 2016–17 was \$162 million and expenditure was \$169 million.

Where our money came from

NSW Government	\$135 million
Administrative fees and charges	\$25 million
Non-government	\$2 million
Other	\$1 million

Total	\$162 million
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EPA expenditure is primarily on its staff and grant programs. The DPE cluster provides the EPA's corporate support services, the cost of which is included in the cluster's annual operating expenditure.

How we spent our money*

Salaries	\$74 million
Grants and subsidies	\$38 million
Other operating costs	\$55 million
Depreciation and amortisation	\$2 million

Total	\$169 million
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* Totals are rounded.

The EPA paid \$38 million in grants to various entities for a range of purposes. Greater detail is provided in the Grants and Sponsorships section of this report and Appendices 4–6.

The EPA collects revenue on behalf of the Crown from waste and environment levies and through the licensing of the industry it regulates. This annual revenue is paid to the NSW Treasury.

Over the last three years, the EPA has invested in enhancing its software systems. In line with our ICT Strategy to 2020–21, we propose to continue this investment to ensure the EPA is adequately equipped to support its operations and meet customer expectations in the digital age. ICT expenditure for

2017–18 has been budgeted for, with investment in later years yet to be approved by Government. EPA staff numbers reflect the growth in the agency’s responsibilities from Government.

The EPA ended the year with a net equity of \$17.3 million, which is invested in current assets and property, plant and equipment, as well as ICT infrastructure systems.

Budgets

Total recurrent operating expenses

Original 2016–17 budget	\$169.8 million
Revisions	Nil
Final 2016–17 budget	\$167.9 million
Original 2017–18 budget	\$177.5 million
Revisions	Nil
Final 2017–18 budget	\$177.5 million

The adjustments to the budget first approved were nil.

The reasons for the increase of \$7.7 million between the budgets of 2016–17 and 2017–18 are:

- \$4.2 million to address the risks from perfluorinated alkylated substances to human health
- \$5.2 million for gas regulatory and compliance work
- a transfer between financial years of expenditure and related government funding for the assessment and regulation of contaminated land
- Government savings requirements.

Expenditure

Exceptional movements in wages, salaries and allowances

There were no exceptional movements in wages, salaries or allowances in 2016–17. All increases to wages, salaries or allowances have been consistent with NSW Government wages policy.

Certification of credit card use

The EPA credit card program and policy are consistent with the NSW Government’s policy, as outlined in relevant Treasury Circulars and Treasurer’s Directions.

The NSW Treasury requires the use of credit cards for all transactions up to \$5000. In accordance with this policy, the EPA encourages staff to make greater use of credit cards to reduce the cost of processing small-value purchases, such as travel, minor repairs and maintenance, consumables, training and conferences.

The EPA has rigorous management measures in place to minimise the misuse of credit cards, including stringent delegations, card limits, systems controls, review and reporting. No incidents of credit card fraud by EPA staff were reported during 2016–17.

Each Executive Director or Director has certified to the CEO that their branch’s use of corporate credit cards was in accordance with the EPA guidelines. The EPA Chair and CEO also 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 2016–17.

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			
Consultant	Category	Product description	Cost
PricewaterhouseCoopers	Environmental	Container Deposit Scheme Review	\$1,716,040
Enterprise Architects	Information Technology	ICT Strategy Review and Refresh	\$131,687
The Brand Pool Pty Ltd	Environmental	Woodsmoke Awareness	\$76,966
Marsden Jacob Associates	Environmental	CDS Consultation Regulatory Impact	\$71,160
Katestone Environmental Pty Ltd	Environmental	Load-based licensing (LBL) review	\$60,146
Gillespie Economics	Environmental	Pesticides Regulation and Environmentally Hazardous Chemicals Regulation	\$60,000
BDA Group	Environmental	Water pollutants across NSW	\$59,017
Subtotal			\$2,175,016
Consultancies of less than \$50,000			
Consultant	Number	Product description	Cost
Environmental	25	n/a	\$475,260
Organisational review	2	n/a	\$89,957
Subtotal			\$565,217
Total consultancies			\$2,740,233

Disclosure of subsidiaries

The EPA had no subsidiaries in 2016–17.

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 \$6.41 million at 30 June 2017.

Production costs of the Annual Report

Total external production costs for the Annual Report 2016–17 were under \$6000 for external editing and proofing. Design costs were in-house with some elements shared with other reporting.

Major works in progress

Major works in progress at 30 June 2017	Cost to date \$000	Cost overrun	Estimated date of completion
Regulatory and communication system enhancement	2,109	Nil	2018

No significant cost overruns or delays occurred during 2016–17. No projects were cancelled.

Account payment performance

Aged analysis at the end of each quarter

Quarter	Current (i.e. 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
All suppliers					
September	\$10,730,130	\$932,837	\$60,408	\$23,363	\$4,046
December	\$13,780,196	\$1,257,517	\$63,067	\$12,079	–
March	\$12,131,796	\$2,018,301	\$460,224	\$38,354	\$14,438
June	\$21,301,564	\$1,889,515	\$277,639	\$47,031	\$14,950
Small business suppliers					
September	\$314,499	\$23,964	\$2,200	–	–
December	\$197,796	–	\$21,148	–	–
March	\$164,136	\$17,006	–	–	–
June	\$413,176	\$96	–	–	–

Accounts due or paid within each quarter

Measure	Sep 2016	Dec 2016	Mar 2017	Jun 2017
All suppliers				
Number of accounts due for payment	2,055	2,766	2,459	3,781
Number of accounts paid on time	1,890	2,634	1,983	3,402

Measure	Sep 2016	Dec 2016	Mar 2017	Jun 2017
Actual percentage of accounts paid on time (based on number of accounts)	92.0%	95.2%	80.6%	90.0%
Dollar amount of accounts due for payment	\$11,750,783	\$15,112,859	\$14,663,113	\$23,530,698
Dollar amount of accounts paid on time	\$10,730,130	\$13,780,196	\$12,131,796	\$21,301,564
Actual percentage of accounts paid on time (based on dollar amount)	91.3%	91.2%	82.7%	90.5%
Number of payments for interest on overdue accounts	–	–	–	–
Interest paid on overdue accounts	–	–	–	–
Small business suppliers				
Number of accounts due for payment	28	41	21	41
Number of accounts paid on time	26	40	16	40
Actual percentage of accounts paid on time (based on number of accounts)	92.9%	97.6%	76.2%	97.6%
Dollar amount of accounts due for payment	\$340,663	\$218,944	\$181,142	\$413,272
Dollar amount of accounts paid on time	\$314,499	\$197,796	\$164,136	\$413,176
Actual percentage of accounts paid on time (based on dollar amount)	92.3%	90.3%	90.6%	100.0%
Number of payments for interest on overdue accounts	1	1	2	–
Interest paid on overdue accounts	76	254	48	–

Environment Protection Authority financial statements

ENVIRONMENT PROTECTION AUTHORITY

Financial Statements

For the year ended 30 June 2017

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

25 September 2017


.....
Alec Brennan AM

EPA Board Member

September 2017



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 Authority) which comprise the statements of financial position as at 30 June 2017, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, of the Authority and the consolidated entity. The consolidated entity comprises the Authority 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 Authority and the consolidated entity as at 30 June 2017, 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.

Basis for Opinion

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

I am independent of the Authority and the consolidated entity in accordance with the requirements of the:

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

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing 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 the preparation and fair presentation of the financial statements 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 and fair presentation of financial statements that 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 Authority and the consolidated entity to continue as a going concern except where operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must, disclose, as applicable, matters related to going concern and the appropriateness of 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 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/auditors_responsibilities/ar3.pdf.

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Authority 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
- about any other information which may have been hyperlinked to/from the financial statements.



Reiky Jiang
Director, Financial Audit Services

26 September 2017
SYDNEY

Beginning of audited financial statements**Environment Protection Authority****Consolidated Statement of Comprehensive Income****For the year ended 30 June 2017**

		Consolidated			Environment Protection Authority	
		Actual June 2017 \$'000	Budget 2017 \$'000	Actual June 2016 \$'000	Actual June 2017 \$'000	Actual June 2016 \$'000
	Note					
Expenses excluding losses						
Operating expenses						
Employee-related	2a	73,709	70,209	67,588	732	710
Personnel services expenses	2a	–	–	–	72,977	66,878
Other operating expenses	2b	54,907	56,842	52,839	54,907	52,839
Depreciation and amortisation	2c	1,957	1,194	1,488	1,957	1,488
Grants and subsidies	2d	38,063	41,557	38,928	38,063	38,928
Total expenses excluding losses		168,636	169,802	160,843	168,636	160,843
Revenue						
Sales of goods and services	3a	4,149	2,558	3,753	4,149	3,753
Investment revenue	3b	–	–	30	–	30
Retained taxes, fees and fines	3c	20,638	18,663	19,563	20,638	19,563
Grants and other contributions	3d	132,673	136,479	139,659	132,673	139,659
Acceptance by the Crown Entity of employee benefits and other liabilities	3e	3,851	3,580	4,953	3,851	4,953
Other income	3f	948	1,512	709	948	709
Total revenue		162,259	162,792	168,667	162,259	168,667
Gain/(loss) on disposal	4	(12)	–	(126)	(12)	(126)
Net result		(6,389)	(7,010)	7,698	(6,389)	7,698
Other comprehensive income						
Net increase/(decrease) in property, plant and equipment revaluation surplus	8	166	–	96	166	96
Total other comprehensive income		166	–	96	166	96
Total comprehensive income		(6,223)	(7,010)	7,794	(6,223)	7,794

The accompanying notes form part of these financial statements.

Environment Protection Authority
Consolidated Statement of Financial Position
As at 30 June 2017

		Consolidated			Environment Protection Authority	
		Actual June 2017 \$'000	Budget 2017 \$'000	Actual June 2016 \$'000	Actual June 2017 \$'000	Actual June 2016 \$'000
	Note					
Assets						
Current assets						
Cash and cash equivalents	6	14,969	11,257	22,408	14,969	22,408
Receivables	7	4,639	3,181	3,792	4,639	3,792
Total current assets		19,608	14,438	26,200	19,608	26,200
Non-current assets						
Property, plant and equipment						
Land and buildings	8	4,714	4,696	4,641	4,714	4,641
Plant and equipment	8	1,705	1,916	1,751	1,705	1,751
Total property, plant and equipment		6,419	6,612	6,392	6,419	6,392
Intangible assets	9	7,238	9,664	5,576	7,238	5,576
Total non-current assets		13,657	16,276	11,968	13,657	11,968
Total assets		33,265	30,714	38,168	33,265	38,168
Liabilities						
Current liabilities						
Payables	12	7,064	6,524	6,789	7,064	6,789
Provisions	13	8,724	7,016	7,684	–	–
Payable to the EPA Staff Agency	13	–	–	–	8,724	7,684
Total current liabilities		15,788	13,540	14,473	15,788	14,473
Non-current liabilities						
Provisions	13	226	193	221	–	–
Payable to the EPA Staff Agency		–	–	–	226	221
Total non-current liabilities		226	193	221	226	221
Total liabilities		16,014	13,733	14,694	16,014	14,694
Net assets		17,251	16,981	23,474	17,251	23,474
Equity						
Reserves		1,215	1,208	1,049	1,215	1,049
Accumulated funds		16,036	15,773	22,425	16,036	22,425
Total equity		17,251	16,981	23,474	17,251	23,474

The accompanying notes form part of these financial statements.

Environment Protection Authority
Statement of Changes in Equity
For the year ended 30 June 2017

Consolidated and parent	Note	Accumulated funds \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance at 1 July 2016		22,425	1,049	23,474
Net result for the year		(6,389)	–	(6,389)
Other comprehensive income				
Net increase/(decrease) in property, plant and equipment	8	–	166	166
Total other comprehensive income		–	166	166
Total comprehensive income for the year		(6,389)	166	(6,223)
Balance at 30 June 2017		16,036	1,215	17,251
Balance at 1 July 2015		14,727	953	15,680
Net result for the year		7,698	–	7,698
Other comprehensive income				
Net increase/(decrease) in property, plant and equipment	8	–	96	96
Total other comprehensive income		–	96	96
Total comprehensive income for the year		7,698	96	7,794
Balance at 30 June 2016		22,425	1,049	23,474

The accompanying notes form part of these financial statements.

Environment Protection Authority
Consolidated Statement of Cash Flows
For the year ended 30 June 2017

	Note	Consolidated			Environment Protection Authority	
		Actual		Actual	Actual	Actual
		June	Budget	June	June	June
		2017	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
Payments						
Employee-related		(70,705)	(65,692)	(68,144)	(732)	(710)
Personnel services expenses		–	–	–	(69,972)	(67,434)
Grants and subsidies		(38,063)	(41,557)	(38,928)	(38,063)	(38,928)
Other*		(59,510)	(55,021)	(51,482)	(59,510)	(51,482)
Total payments		(168,278)	(162,270)	(158,554)	(168,278)	(158,554)
Receipts						
Grants and other contributions		132,673	135,954	139,562	132,673	139,562
Sale of goods and services		3,328	21,158	3,873	3,328	3,873
Retained taxes, fees and fines		21,460	–	19,549	21,460	19,549
Interest received		–	–	337	–	337
Cash reimbursements from the Crown Entity**		2,093	–	1,392	2,093	1,392
Other		4,777	2,102	3,452	4,777	3,452
Total receipts		164,331	159,214	168,165	164,331	168,165
Net cash flows from operating activities	17	(3,947)	(3,056)	9,611	(3,947)	9,611
Cash flows from investing activities						
Purchases of intangible assets		(3,252)	(4,881)	(2,757)	(3,252)	(2,757)
Purchase of land and buildings and plant and equipment		(240)	(200)	(1,045)	(240)	(1,045)
Net cash flows from investing activities		(3,492)	(5,081)	(3,802)	(3,492)	(3,802)
Net increase/(decrease) in cash and cash equivalents		(7,439)	(8,137)	5,809	(7,439)	5,809
Opening cash and cash equivalents		22,408	19,394	16,599	22,408	16,599
Closing cash and cash equivalents	6	14,969	11,257	22,408	14,969	22,408

* 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 the financial statements for the period ended 30 June 2017

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. EPA is consolidated as part of the NSW Total State Sector Accounts.

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 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.

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 2017 have been authorised for issue by the Chair and Chief Executive Officer of the EPA on 25 September 2017.

(b) Basis of preparation

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 mandated 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

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 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 grants 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, including personnel services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date and/or milestones achieved). Personnel services income is recognised as employee-related expenses are incurred (refer to Note 1(a)).

(iv) Investment revenue

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

(h) Assets**(i) Acquisitions of property, plant and equipment**

Property, plant and equipment are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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, that is the 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 of 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 2017 as a result of a cumulative increase in indicators for land (5.0%) and buildings (3.65%).

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 recognised in 'Other comprehensive income' and credited directly to the asset revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus in respect of the same class of asset, in which case 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.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end.

(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 or 'an amount that approximates 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 the 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.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of the asset.

(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% or 20%
- 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 are 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

EPA recognises intangible assets only if it is probable that future economic benefit will flow to 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 EPA's intangible software assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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) Receivables

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) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or if the EPA transfers financial asset where:

- all the risks and rewards have been substantially transferred, or
- the EPA has not substantially transferred all the risks and rewards and 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 expires.

(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 2017. 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. All annual leave is classified as current.

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 non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

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.

(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) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(o) 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.

In 2016–17, the Chairman's remuneration and the other Board members' fees were reclassified from personnel services expense to employee-related expense to reflect organisational arrangements. The comparative 2015–16 details have also been revised.

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

The accounting policies applied in 2016–17 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 period to 30 June 2017:

- *AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-profit Public Sector Entities.*

The impact of the standard in the period of initial application has not resulted in a material impact on the financial statements, however additional disclosure has been made as a result of this application in Note 20.

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 17/04):

- *AASB 9 Financial Instruments*

- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding revenue from contracts with customers
- AASB 16 Leases
- AASB 1058 Income of Not-for-profit Entities
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-cash-generating Specialised Assets of Not-for-profit Entities
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014–2016 Cycle

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 financial impact. However additional disclosures are expected as a result of the application of AASB 1058 Income of Not-for-profit Entities, effective from the 2019–20 financial year. Apart from this, the other new standards are not likely to have any material financial impact.

2. Expenses excluding losses

(a) Employee-related expenses and personnel services

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Salaries and wages (including annual leave)	60,132	53,330	640	638
Redundancy payments	705	986	–	–
Superannuation – defined benefit plans	1,178	1,062	–	–
Superannuation – defined contribution plans	4,775	4,482	36	37
Long service leave	2,655	4,052	14	–
Workers' compensation insurance	526	191	–	–
Payroll tax and fringe benefits tax	3,734	3,478	38	35
Other	4	7	4	–
Personnel services expenses	–	–	72,977	66,878
Total	73,709	67,588	73,709	67,588

(b) Other operating expenses

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Contractor – projects	2,586	3,652	2,586	3,652
Consultants	2,740	941	2,740	941
Maintenance*	503	414	503	414
Fees and services	18,004	19,012	18,004	19,012
Corporate support from OEH	15,174	16,211	15,174	16,211
Payments to NSW Government agencies	1,093	852	1,093	852
Stores and minor assets	773	807	773	807
Fleet costs	967	964	967	964
Operating lease rental expenses (minimum lease payments)	1,894	1,719	1,894	1,719
Insurance	120	130	120	130
Information dissemination	4,859	4,020	4,859	4,020
Travel costs	1,218	1,412	1,218	1,412
Other occupancy costs	611	620	611	620
Training	965	993	965	993
Communication costs	289	285	289	285
Legal costs	3,184	771	3,184	771
Auditor's remuneration (audit or review of the financial statements)	52	51	52	51
Impairment of assets and bad debts	39	49	39	49
Other	6	20	6	20
Expenses capitalised	(170)	(84)	(170)	(84)
Total	54,907	52,839	54,907	52,839

		Consolidated	Environment Protection Authority
* Reconciliation – total maintenance			
Maintenance expense – contracted labour and other (non-employee-related) as above	503	414	503
Total maintenance expenses included in Note 2(b)	503	414	503

(c) Depreciation and amortisation expense

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Depreciation				
Buildings and improvements	113	110	113	110
Plant and equipment	169	120	169	120
Total depreciation	367	277	367	277
Amortisation of intangibles	1,590	1,211	1,590	1,211
Total amortisation	1,590	1,211	1,590	1,211
Total	1,957	1,488	1,957	1,488

(d) Grants and subsidies

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Federal Government	–	200	–	200
NSW Government	1,836	2,512	1,836	2,512
Local government	12,819	13,036	12,819	13,036
<i>Waste Less, Recycle More</i> payments	17,200	17,200	17,200	17,200
Rebates	1,011	297	1,011	297
Non-government organisations	5,190	5,683	5,190	5,683
Other – grants and subsidies	7	–	7	–
Total	38,063	38,928	38,063	38,928

3. Revenue**(a) Sales of goods and rendering of services**

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Sale of goods				
Minor assets	11	–	11	–
Professional services fees				
Minor fees and charges	4,138	3,753	4,138	3,753
Total	4,149	3,753	4,149	3,753

(b) Investment revenue

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Interest revenue from financial assets not at fair value through profit or loss	–	30	–	30
Total	–	30	–	30

(c) Retained taxes, fees and fines

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Fees				
Licensing administration fees	19,891	19,549	19,891	19,549
	19,891	19,549	19,891	19,549
Fines				
Parking, court and other	747	14	747	14
Total	20,638	19,563	20,638	19,563

(d) Grants and contributions

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'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	7,796	14,099	7,796	14,099
Local government	–	–	–	–
NSW Government – recurrent and capital funding	123,153	123,424	123,153	123,424
Non-government organisations	1,636	2,048	1,636	2,048
Total	132,673	139,659	132,673	139,659

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

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
The following liabilities and/or expenses have been assumed by the Crown Entity:				
Superannuation – defined benefit	1,178	1,062	–	–
Long service leave	2,610	3,839	–	–
Payroll tax on superannuation	63	52	–	–
Contributions by the Crown Entity	–	–	3,851	4,953
Total	3,851	4,953	3,851	4,953

(f) Other income

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Insurance recoveries	1	6	1	6
Miscellaneous revenue	947	703	947	703
Total	948	709	948	709

4. Gain/(loss) on disposal

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Written down value of current/non-current assets disposed of:				
Intangible assets	–	(126)	–	(126)
Plant and equipment	(12)	–	(12)	–
Net (loss) on disposal	(12)	(126)	(12)	(126)

5. Service Group of the Environment Protection Authority

Service Group: Environment Protection and Regulation

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at bank and on hand	14,969	22,408	14,969	22,408
Closing cash and cash equivalents (as per Statement of Cash Flows)	14,969	22,408	14,969	22,408
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 (as per Statement of Financial Position)	14,969	22,408	14,969	22,408
Closing cash and cash equivalents (as per Statement of Cash Flows)	14,969	22,408	14,969	22,408

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and cash on hand.

Refer to Note 11 for details on restricted cash balances.

Refer to Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current assets – receivables

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Sale of goods and services	1,696	1,170	1,696	1,170
Less: allowance for impairment	(39)	(49)	(39)	(49)
Accrued income	1,886	1,370	1,886	1,370
GST	1,070	1,301	1,070	1,301
Prepayments	26	–	26	–
Total	4,639	3,792	4,639	3,792

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance at 1 July	49	–	49	–
Movement in the allowance for impairment			–	
Amounts written off during the year	–	–	–	–
Amounts recovered during the year	(49)	–	(49)	–
Increase/(decrease) in allowance recognised in profit or loss	39	49	39	49
Total	39	49	39	49

Details regarding credit risk of trade debtors that are neither past due nor 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
At 1 July 2016 – fair value			
Gross carrying amount	5,558	3,480	9,038
Accumulated depreciation and impairment	(917)	(1,729)	(2,646)
Net carrying amount	4,641	1,751	6,392
At 30 June 2017 – fair value			
Gross carrying amount	5,781	3,327	9,108
Accumulated depreciation and impairment	(1,067)	(1,622)	(2,689)
Net carrying amount	4,714	1,705	6,419

Reconciliation

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

Consolidated and parent	Buildings \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2017			
Net carrying amount at start of year	4,641	1,751	6,392
Additions	20	220	240
Disposals	–	(12)	(12)
Net revaluation increments less revaluation decrements	166	–	166
Depreciation expense	(113)	(254)	(367)
Net carrying amount at end of year	4,714	1,705	6,419

Further details of the fair value measurements of property, plant and equipment are disclosed in Note 10.

Consolidated and parent	Buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2015 – fair value			
Gross carrying amount	5,444	2,447	7,891
Accumulated depreciation and impairment	(789)	(1,574)	(2,363)
Net carrying amount	4,655	873	5,528
At 30 June 2016 – fair value			
Gross carrying amount	5,558	3,480	9,038
Accumulated depreciation and impairment	(917)	(1,729)	(2,646)
Net carrying amount	4,641	1,751	6,392

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
Year ended 30 June 2016			
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)
Net carrying amount at end of year	4,641	1,751	6,392

Further details regarding the fair value measurements of property, plant and equipment are disclosed in Note 10

9. Intangible assets

Consolidated and parent	Software \$'000	Capital work in progress \$'000	Total \$'000
At 1 July 2016 – fair value			
Cost (gross carrying amount)	6,445	1,729	8,174
Accumulated amortisation and impairment	(2,598)	–	(2,598)
Net carrying amount	3,847	1,729	5,576
At 30 June 2017 – fair value			
Cost (gross carrying amount)	9,319	2,109	11,428
Accumulated amortisation and impairment	(4,190)	–	(4,190)
Net carrying amount	5,129	2,109	7,238
Year ended 30 June 2017			
Net carrying amount at start of year	3,847	1,729	5,576
Additions	1,559	1,693	3,252
Transfer from work in progress	1,313	(1,313)	–
Amortisation (recognised in 'Depreciation and amortisation')	(1,590)	–	(1,590)
Net carrying amount at end of year	5,129	2,109	7,238

Consolidated and parent	Software \$'000	Capital work in progress \$'000	Total \$'000
At 1 July 2015 – fair value			
Cost (gross carrying amount)	4,682	862	5,544
Accumulated amortisation and impairment	(1,388)	–	(1,388)
Net carrying amount	3,294	862	4,156
At 30 June 2016 – fair value			
Cost (gross carrying amount)	6,445	1,729	8,174
Accumulated amortisation and impairment	(2,598)	–	(2,598)
Net carrying amount	3,847	1,729	5,576
Year ended 30 June 2016			
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)
Net carrying amount at end of year	3,847	1,729	5,576

10. Fair value measurement of non-financial assets

(a) Fair value hierarchy

Consolidated and parent 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 8)				
Buildings	–	–	4,714	4,714
Total	–	–	4,714	4,714

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

Consolidated and parent 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 8)				
Buildings	–	–	4,641	4,641
Total	–	–	4,641	4,641

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

(i) 2017

Consolidated and parent 2017	Buildings \$'000	Total recurring Level 3 fair value \$'000
Fair value as at 1 July 2016	4,641	4,641
Additions	20	20
Revaluation increments/decrements recognised in other comprehensive income – included in line item 'Net increase/ (decrease) in property, plant and equipment revaluation surplus'	166	166
Depreciation	(113)	(113)
Fair value as at 30 June 2017	4,714	4,714

(ii) 2016

Consolidated and parent 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)
Fair value as at 30 June 2016	4,641	4,641

Type (Level 3)	Valuation technique	Inputs	Relationship of unobservable inputs to fair value
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Consolidated and parent 2016			Buildings \$'000	Total recurring Level 3 fair value \$'000
Buildings	The EPA engaged the services of Colliers International Valuation & Advisory Services to provide a comprehensive valuation using depreciated replacement cost (DRC) as the main valuation input.	The replacement cost (\$/m ²), 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.	

11. Restricted assets

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current				
Contributions	8,753	10,880	8,753	10,880
Restricted cash	8,753	10,880	8,753	10,880

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

Payables	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Accrued salaries, wages and on-costs	629	427	–	–
Creditors	6,435	5,627	6,435	5,627
Redundancies	–	735	–	735
Payable to the EPA Staff Agency	–	–	629	427
Total	7,064	6,789	7,064	6,789

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current				
Employee benefits and related on-costs				
Annual leave*	5,202	4,537	–	–
Annual leave on-costs*	589	571	–	–
Long service leave on-costs**	2,603	2,576	–	–
Allowances	330	–	–	–
Payable to the EPA Staff Agency	–	–	8,724	7,684
	8,724	7,684	8,724	7,684
Non-current				
Long service leave on-costs**	226	221	–	–
Payable to the EPA Staff Agency	–	–	226	221
	226	221	226	221
Total provisions	8,950	7,905	8,950	7,905
Aggregate employee benefits and related on-costs				
Provisions – current	8,724	7,684	–	–
Provisions – non-current	226	221	–	–
Accrued salaries, wages and on-costs (Note 12)	629	427	–	–
Payable to the EPA Staff Agency	–	–	9,579	8,332
	9,579	8,332	9,579	8,332

* The value of employee benefits and related on-costs expected to be paid after 12 months is \$172,824.57 (2016: \$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

Consolidated and parent	2017 \$'000	2016 \$'000
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	37	98
Total (including GST)	37	98

As at 30 June 2017, the EPA had no 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 2017, there were no claims on the Treasury Managed Fund.

(b) Other claims

There are presently no unresolved disputes where legal action has been taken against the EPA.

The EPA is not aware of any significant or material contingent liability in existence at 30 June 2017 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

Consolidated and Parent

Net result

Net result of (\$6.39 million) against the budget of (\$7.01 million) – a variance of \$0.62 million

The smaller than budgeted net result was primarily due to:

1. The major reason for the net variation in total expenses of \$1.2 million was due to increased resources required for Williamstown and PFAS management contamination and changes in timing of projects of \$8.3 million. EPA expenditure also increased by \$2 million following the transfer of Legal Services staff from Office of Environment and Heritage on 16 December 2016.
2. Offsetting its increases in expenditure, the EPA also received additional revenue of \$2.8 million for Cases Wins and Losses as a result of Legal Services 2016–17 transfer and \$1.4 million from licensing administration fees. In compliance with the Treasury cash management policy, \$4 million was not drawn down from Treasury funding in 2016-17, thus impacting revenues.

Net assets

Net assets of \$17.25 million against the budget of \$16.98 million – a variance of \$0.27 million

Major impact on net assets was the case wins and losses funding transfer of \$2.8 million, increases in revenue as well as an increase in receivables (\$1.4 million). Non-current assets were impacted by changes in timing of capital infrastructure investment projects of \$2.7 million and an increase in current and other employee provisions (\$2.2 million).

Cash flows

An overall increase in total payments of \$10.9 million, including increased employee-related payments of \$5 million and higher operating costs of \$9.4 million was offset in part by lower grants

(\$3.5 million). Total receipts increased by \$10 million, including an increase in licensing fees of \$2.8 million, cash expenditure reimbursement received from the Crown Entity of \$2.1 million and other revenue of \$8.1 million, as well as a decrease in grants of \$3.8 million.

17. Reconciliation of cash flows from operating activities to net result

	Consolidated		Environment Protection Authority	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net cash from operating activities	(3,947)	9,611	(3,947)	9,611
Depreciation and amortisation	(1,957)	(1,488)	(1,957)	(1,488)
Gain/(loss) on disposal of asset	(12)	126	(12)	126
Increase/(decrease) in receivables	847	511	847	511
Decrease/(increase) in provisions	(1,046)	(821)	–	–
Decrease/(increase) in creditors	(274)	11	(1,320)	(810)
Net result	(6,389)	7,698	(6,389)	7,698

18(a) Administered assets, liabilities and income

Consolidated and parent	2017 \$'000	2016 \$'000
Administered assets		
Receivables	58,322	2,383
Allowance for impairment	(217)	(544)
Cash	942	1,827
Remittance clearing	241	734,497
Accrued income	–	4,062
Total administered assets	59,288	742,225
Administered liabilities		
Creditors	(18)	(276)
Total administered liabilities	(18)	(276)
Administered income		
Pollution licences and approvals	24,363	27,913
Radiation licences	–	(1)
Other fees and licences	3,843	2
Waste-related levies and fees	711,092	688,944
Coal wash levy	6,343	12,052
Waste levy rebates	(2,642)	(52)
Fines	3,449	2,706
Total administered income	746,448	731,564

The 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

Consolidated and parent	2017 \$'000	2016 \$'000
Debts written off	–	–
Total	–	–

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 to policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the EPA, set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee/internal auditors on a periodic basis.

(a) Financial instrument categories

	Note	Category	Carrying amount 2017 \$'000	Carrying amount 2016 \$'000
Financial assets				
Class				
Cash and cash equivalents	6	n/a	14,969	22,408
Receivables*	7	Loans and receivables (at amortised cost)	3,542	2,491
Financial liabilities				
Class				
Payables**	12	Financial liabilities measured at amortised cost	7,064	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. 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.

Consolidated and parent	Total*	Neither past due nor impaired*	Past due but not impaired*	Considered impaired*
		\$'000	\$'000	\$'000
2017				
< 3 months overdue	1,657	1,636	21	–
3–6 months overdue	39	–	–	39
> 6 months overdue	–	–	–	–
2016				
< 3 months overdue	321	–	298	23
3–6 months overdue	27	–	27	–
> 6 months overdue	26	–	–	26

Note: 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 9.8% (2016: 10.3%).

The table below summarises the maturity profile of the EPA's financial liabilities, together with the interest rate exposure.

Consolidated and parent	Weighted average effective interest rate	Nominal amount *	\$'000			Maturity dates		
			Interest rate exposure					
			Fixed interest rate	Variable interest rate	Non-interest-bearing	< 1 year	1–5 years	> 5 years
2017								
Payables		7,064	–	–	7,064	7,064	–	–
Total		7,064	–	–	7,064	7,064	–	–
2016								
Payables		6,362	–	–	6,362	6,362	–	–
Total		6,362	–	–	6,362	6,362	–	–

* 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 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 timeframe 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 2016. 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.

Consolidated and parent	Carrying amount	\$'000			
		-1%	1%		
		Profit	Equity	Profit	Equity
2017					
Financial assets					
Cash and cash equivalents	14,969	(150)	(150)	150	150
Receivables	3,542	(35)	(35)	35	35
Financial liabilities					
Payables	7,064	71	71	(71)	(71)
2016					
Financial assets					
Cash and cash equivalents	22,408	(224)	(224)	224	224
Receivables	2,491	(25)	(25)	25	25
Financial liabilities					
Payables	6,362	64	64	(64)	(64)

(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.

20. Related party disclosures

The EPA's key management personnel compensations are as follows:

	Consolidated	Environment Protection Authority
	2017 \$'000	2017 \$'000
Short-term employee benefits		
Salaries*	2,271	690
Other monetary allowances*	4	4
Non-monetary benefits	–	–
Other long-term employee benefits	–	–
Post-employment benefits	–	–
Termination benefits	577	–
Total remuneration	2,852	694

* Excludes payroll tax

During the year, the EPA incurred \$2.2 million for the provision of key management personnel services that are provided by Environment Protection Authority Staff Agency (the Staff Agency). These transactions are disclosed in Note 20 under consolidated financial statements.

During the year, the EPA also entered into transactions with other agencies that are controlled/jointly controlled/significantly influenced by the NSW Government. These transactions allow the EPA to meet its objectives and in aggregate are a significant component of the EPA's operations. These transactions are primarily in the form of grants paid and received and are disclosed in Notes 2(d) and 3(d).

There were no material related party transactions between the EPA and Ministers, their close family members or entities controlled or jointly controlled thereof.

21. 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

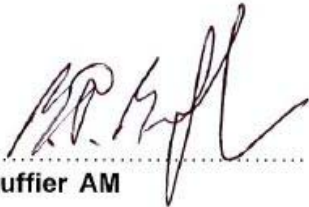
ENVIRONMENT PROTECTION AUTHORITY STAFF AGENCY

Financial Statements

For the year ended 30 June 2017

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

25 September 2017



Alec Brennan AM

EPA Board Member

September 2017



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 2017, 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 2017 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 the standards are 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 requirements of the:

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

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing 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 the preparation and fair presentation of the financial statements 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 and fair presentation of the financial statements that 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 except where the Agency will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of 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 description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

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
- about any other information which may have been hyperlinked to/from the financial statements.



Reiky Jiang
Director, Financial Audit Services

26 September 2017
SYDNEY

Beginning of audited financial statements
Environment Protection Authority Staff Agency
Statement of Comprehensive Income

As at 30 June 2017

	Note	Actual 2017 \$'000	Actual 2016 \$'000
Expenses excluding losses			
Employee-related	2	72,977	67,588
Total expenses excluding losses		72,977	67,588
Revenue			
Personnel services	3	72,977	67,588
Total revenue		72,977	67,588
Net result		-	-
Other comprehensive income		-	-
Total other comprehensive income		-	-
Total comprehensive income		-	-

The accompanying notes form part of these financial statements.

Environment Protection Authority Staff Agency
Statement of Financial Position
For the year ended 30 June 2017

	Note	Actual 2017 \$'000	Actual 2016 \$'000
Assets			
Current assets			
Receivables from the EPA	4	9,353	8,111
Total current assets		9,353	8,111
Non-current assets			
Receivables	4	226	221
Total non-current assets		226	221
Total assets		9,579	8,332
Liabilities			
Current liabilities			
Payables	5	629	427
Provisions	6	8,724	7,684
Total current liabilities		9,353	8,111
Non-current liabilities			
Provisions	6	226	221
Total non-current liabilities		226	221
Total liabilities		9,579	8,332
Net assets		-	-
Equity			
Accumulated funds		-	-
Total equity		-	-

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 2017

	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2016	-	-
Net result for the year	-	-
Other comprehensive income		
Total other comprehensive income	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2017	-	-
Balance at 1 July 2015	-	-
Net result for the year	-	-
Other comprehensive income		
Total other comprehensive income	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2016	-	-

The accompanying notes form part of these financial statements.

Environment Protection Authority Staff Agency
Statement of Cash Flows
For the year ended 30 June 2017

	Actual 2017 \$'000	Actual 2016 \$'000
Cash flows from operating activities		
Payments		
Employee-related	-	-
Total payments	-	-
Receipts		
Personnel services	-	-
Total receipts	-	-
Net cash flows from operating activities	-	-
Net increase/(decrease) in cash and cash equivalents	-	-
Opening cash and cash equivalents	-	-
Closing cash and cash equivalents	-	-

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2017

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 2017 have been authorised for issue by the Chair and Chief Executive Officer, EPA on 25 September 2017.

(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 mandated by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial statements do 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). All annual leave is classified as current.

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 Agency's 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 EPA (not the Staff Agency) discloses these in their accounts.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

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) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at the end of each financial.

(i) 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.

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

The accounting policies applied in 2016–17 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 period to 30 June 2017:

- *AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-profit Public Sector Entities.*

The impact of the standard in the period of initial application has not resulted in a material impact on the financial statements, although disclosure has been made as a result of this application in Note 9.

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 17/04):

- *AASB 9 Financial Instruments*
- *AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding revenue from contracts with customers*
- *AASB 16 Leases*
- *AASB 1058 Income of Not-for-profit Entities*
- *AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- *AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-cash-generating Specialised Assets of Not-for-profit Entities*
- *AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts*
- *AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-profit Entities*
- *AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-profit Entities*
- *AASB 2017-1 Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments*
- *AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014–2016 Cycle*

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 financial impact. However additional disclosures are expected as a result of the application of *AASB 1058 Income of Not-for-profit Entities*, effective from the 2019–20 financial year. Apart from this, the other new standards are not likely to have any material financial impact.

2. Expenses excluding losses

Employee-related expenses

	2017 \$'000	2016 \$'000
Salaries and wages (including recreation leave)	59,492	53,330
Redundancy payments	705	986
Superannuation – defined benefit plans	1,178	1,062
Superannuation – defined contribution plans	4,739	4,482
Long service leave	2,641	4,052
Workers' compensation insurance	526	191
Payroll tax and fringe benefits tax	3,696	3,478
Other	–	7
Total	72,977	67,588

3. Revenue

Personnel services

	2017 \$'000	2016 \$'000
Personnel services to the EPA	72,977	67,588
Total	72,977	67,588

4. Current/non-current assets – receivables

	2017 \$'000	2016 \$'000
Current		
Receivables from the EPA		
Accrued salaries	629	427
Employee provisions	8,724	7,684
	9,353	8,111
Non-current		
Receivables from the EPA		
Employee provisions	226	221
	226	221
Total receivables	9,579	8,332

Details regarding credit risk of trade debtors is disclosed in Note 8.

5. Current liabilities – payables

	2017 \$'000	2016 \$'000
Accrued salaries, wages and on-costs*	629	427
Total	629	427

* 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

	2017 \$'000	2016 \$'000
Current		
Employee benefits and related on-costs		
Annual leave	5,202	4,537
Annual leave on-costs	589	571
Long service leave on-costs	2,603	2,576
Allowances	330	–
Total current	8,724	7,684
Non-current		
Annual leave	–	–
Long service leave on-costs	226	221
Total non-current	226	221
Total provisions	8,950	7,905
Aggregate employee benefits and related on-costs		
Provisions – current	8,724	7,684
Provisions – non-current	226	221
Accrued salaries, wages and on-costs	629	427
	9,579	8,332

7. Reconciliation of cash flows from operating activities to net result

	2017 \$'000	2016 \$'000
Net cash from operating activities	–	–
Increase/(decrease) in receivables	1,242	(557)
Decrease/(increase) in provisions	(1,045)	(821)
Decrease/(increase) in creditors	(203)	1,378
Net result	–	–

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 Chief Executive Officer of the EPA has overall responsibility for the establishment and oversight of risk management and reviews and agrees to policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Staff Agency, set risk limits and controls and monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee and Internal auditors on a continuous basis.

(a) Financial instrument categories

	Note	Category	Carrying amount 2017 \$'000	Carrying amount 2016 \$'000
Financial assets				
Class				
Receivables*	4	Loans and receivables (at amortised cost)	9,579	8,111
Financial liabilities				
Class				
Payables**	5	Financial liabilities measured at amortised cost	629	427

* 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 the EPA 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 9.8% (2016: 10.3%).

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
2017								
Payables		629	–	–	629	629	–	–
Total		629	–	–	629	629	–	–
2016								
Payables		427	–	–	427	427	–	–
Total		427	–	–	427	427	–	–

* 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 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 timeframe 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 2016. 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.

(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.

9. Related parties

All transactions and balances in these financial statements related only to the Staff Agency's function as provider of personnel services to the EPA, being the parent of the Staff Agency. The Staff Agency's total income is sourced from the EPA. These transactions are primarily in the form of employee-related expenses and personnel services revenue and are disclosed in Notes 2 and 3.

Cash receipts and payments are effected by the EPA, as parent, on the Staff Agency's behalf.

The compensation to key management personnel is borne by the EPA as part of its personnel services expenses.

EPA Staff Agency's key management personnel compensations are as follows:

	2017 \$'000
Short-term employee benefits	
Salaries	
Other monetary allowances	1,580
Non-monetary benefits	–
Other long-term employee benefits	–
Post-employment benefits	–
Termination benefits	–
Total remuneration	577
	2,157

There were no material related party transactions between the EPA Staff Agency and Ministers, their close family members or entities controlled or jointly controlled thereof.

10. Contingent liabilities and contingent assets

The Staff Agency is not currently involved in any legal cases where costs may be awarded against it. There are no contingent assets as at 30 June 2017 (2016: nil).

11. 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

Appendices



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Appendix 1: Acts administered by the EPA

The following Acts were administered by the EPA from 1 July 2016 to 30 June 2017:

- *Contaminated Land Management Act 1997* No. 140
- *Dangerous Goods (Road and Rail Transport) Act 2008* No. 95, so far as it relates to the 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 (remainder: Minister for Lands and Forestry)
- *National Environment Protection Council (New South Wales) Act 1995* No. 4
- *Native Vegetation Act 2003*, so far as it relates to the regulation of private native forestry
- *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

Appendix 2: Prosecutions completed under EPA legislation

Details of prosecutions completed under the EPA legislation, excluding littering matters, are recorded below.

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.

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

Tier 1 offences

Tier 1 offences are the most serious offences and attract the highest maximum penalties.

Protection of the Environment Operations Act 1997

Defendant	Charge	Result/Penalty	Court
Caltex Australia Petroleum Pty Ltd	Negligently, in a material respect, cause or contribute to the conditions that gave rise to a person or persons negligently causing a substance to escape in a manner that harmed or was likely to harm the environment	Ordered to pay penalties of \$200,000 to Bayside Council for the Bushcare Restoration Project in Sir Joseph Banks Park and \$200,000 to Mulloway Stocking Project in Botany Bay	LEC

Tier 2 offences

Protection of the Environment Operations Act 1997

Defendant	Charge	Result/Penalty	Court
Botany Building Recyclers Pty Ltd	Unlawfully transport and deposit waste	\$15,000 Ordered to publicise details of the offence in <i>The Sydney Morning Herald</i> and <i>Inside Waste</i> magazine. Also ordered to pay investigation costs of \$774.33	LEC
Botany Building Recyclers Pty Ltd	Unlawfully transport and deposit waste	\$25,000 Ordered to publicise details of the offence in <i>The Sydney Morning Herald</i> and <i>Inside Waste</i> magazine. Also ordered to pay investigation costs of \$774.33	LEC
Complete Asbestos Removal Pty Ltd	Knowingly furnish false or misleading information in response to an investigative requirement under Chapter 7	\$24,000	LEC
Custom Chemicals Pty Ltd	Pollute waters	Ordered to pay penalties of \$300,000 to the Office of Environment and Heritage for an environmental project to assist in rehabilitating coastal saltmarsh in Hunter Wetlands National Park and \$60,000 to the NSW Environmental Trust for environmental purposes. Also ordered to cause its employees to attend environmental training, publicise details of the offence in <i>The Sydney Morning Herald</i> and <i>Newcastle Herald</i> and pay investigation costs of \$23,567.50	LEC
Dyno Nobel Asia Pacific Pty Ltd	Pollute waters	\$400,000* Ordered to publicise details of the offence in <i>The Australian Financial Review</i> , <i>Singleton Argus</i> and <i>The Newcastle Herald</i> and pay investigation costs of \$750	LEC
Dyno Nobel Asia Pacific Pty Ltd	Breach licence condition	\$60,000* Ordered to publicise details of the offence in <i>The Australian Financial Review</i> , <i>Singleton Argus</i> and <i>The Newcastle Herald</i>	LEC
Elf Farm Supplies Pty Ltd	Pollute waters	Ordered to pay a penalty of \$45,000 to Hawkesbury City Council for South Creek Riparian Restoration Project and publicise details of the offence in the	LEC

Defendant	Charge	Result/Penalty	Court
		<i>Hawkesbury Gazette and Hawkesbury Courier</i>	
Elf Farm Supplies Pty Ltd	Breach licence condition	Ordered to pay a penalty of \$55,000 to Hawkesbury City Council for South Creek Riparian Restoration Project and publicise details of the offence in <i>The Hawkesbury Gazette and Hawkesbury Courier</i>	LEC
Endacott, Peter Darcy	Knowingly provide false and misleading information about waste	\$18,000	LEC
Endacott, Peter Darcy	Knowingly provide false and misleading information about waste	\$72,000	LEC
Endacott, Peter Darcy	Knowingly provide false and misleading information about waste	\$24,000	LEC
Foxman Environmental Development Services Pty Ltd	Unlawful use of land as a waste facility	\$100,000 Ordered to remove waste and dispose of it at a waste facility licensed to accept the waste and publicise details of the offence in <i>The Sydney Morning Herald</i> and <i>Inside Waste</i> magazine. Also ordered to pay investigation costs of \$774.33	LEC
Foxman, Phillip	Unlawful use of land as a waste facility	\$100,000 Ordered to remove waste and dispose of it at a waste facility licensed to accept the waste and publicise details of the offence in <i>The Sydney Morning Herald</i> and <i>Inside Waste</i> magazine. Also ordered to pay investigation costs of \$774.33	LEC
Foxman, Phillip	Unlawfully transport and deposit waste	\$75,000 Ordered to remove waste and dispose of it at a waste facility licensed to accept the waste and publicise details of the offence in <i>The Sydney Morning Herald</i> and <i>Inside Waste</i> magazine. Also ordered to pay investigation costs of \$774.33	LEC
Foxman, Phillip	Unlawfully transport and deposit waste	\$75,000 Ordered to remove waste and dispose of it at a waste facility licensed to accept the waste and publicise details of the offence in <i>The Sydney Morning Herald</i> and <i>Inside Waste</i> magazine. Also	LEC

Defendant	Charge	Result/Penalty	Court
		ordered to pay investigation costs of \$774.33	
Hawkesbury City Council	Breach licence condition	Ordered to pay a penalty of \$56,000 to the National Parks and Wildlife Service for a stormwater quality improvement project in Windsor Downs Nature Reserve and publicise details of the offence in <i>The Hawkesbury Gazette</i> and <i>Western Weekender</i> . Also ordered to pay investigation costs of \$1,659.45	LEC
Hawkesbury City Council	Breach licence condition	Ordered to pay a penalty of \$28,000 to the National Parks and Wildlife Service for a stormwater quality improvement project in Windsor Downs Nature Reserve and publicise details of the offence in <i>The Hawkesbury Gazette</i> and <i>Western Weekender</i>	LEC
Hawkesbury City Council	Pollute waters	Ordered to pay a penalty of \$91,000 to the National Parks and Wildlife Service for a stormwater quality improvement project in Windsor Downs Nature Reserve and publicise details of the offence in <i>The Hawkesbury Gazette</i> and <i>Western Weekender</i> . Also ordered to pay investigation costs of \$2,869.85	LEC
Morgan Cement International Pty Ltd	Breach licence condition	\$50,250 Ordered to pay investigation costs of \$492.50	LEC
Osman-Kerim, Imad	Breach licence condition	Ordered to pay a penalty of \$51,000 to the NSW Environmental Trust for general environmental purposes and publicise details of the offence in <i>The Sydney Morning Herald</i> , <i>Daily Telegraph</i> and <i>Inside Waste</i> magazine	LEC
Osman-Kerim, Imad	Breach clean-up notice condition	Ordered to pay a penalty of \$50,000 to the NSW Environmental Trust for general environmental purposes and publicise details of the offence in <i>The Sydney Morning Herald</i> , <i>Daily Telegraph</i> and <i>Inside Waste</i> magazine. Also ordered to pay investigation costs of \$120,795	LEC
Osman-Kerim, Imad	Breach clean-up notice condition	Ordered to pay a penalty of \$50,000 to the NSW Environmental Trust for general environmental purposes and publicise details of the offence in <i>The Sydney Morning Herald</i> , <i>Daily Telegraph</i> and <i>Inside Waste</i> magazine	LEC

Defendant	Charge	Result/Penalty	Court
Page, Geoffrey James	Unlawfully transport and deposit waste	\$2,500	LEC
Page, Geoffrey James	Unlawfully transport and deposit waste	\$3,500	LEC
Reid, Allen	Unlawfully transport and deposit waste	\$7,000	Windsor LC
Supreme Poultry and Chickens Pty Ltd	Breach licence condition	\$5,000	Gosford LC
Terrace Earthmoving Pty Ltd	Unlawfully transport and deposit waste	\$3,500	LEC
Terrace Earthmoving Pty Ltd	Unlawfully transport and deposit waste	\$4,500	LEC
Wambo Coal Pty Ltd	Emit offensive odour	\$60,000 Ordered to publicise details of the offence in <i>The Newcastle Herald</i> , <i>Singleton Argus</i> , <i>Muswellbrook Chronicle</i> and <i>Coal Face</i> magazine	LEC
Wellington Council	Pollute waters	Dismissed	LEC

* The defendant is appealing this penalty.

Protection of the Environment Operations (Clean Air) Regulation 2010

Defendant	Charge	Result/Penalty	Court
Anesti Excavation & Demolition Pty Ltd	Smoky vehicle	\$400	Burwood LC
AST Logistics Pty Ltd	Smoky vehicle	\$1,500	Burwood LC
Coleman, John Charles	Smoky vehicle	\$400	Burwood LC
El Saddick, Mahmood t/as MTS Tipper Hire	Smoky vehicle	\$2,000	Burwood LC
Foristal, Fraser Brookes	Smoky vehicle	s.10	Burwood LC
Gleeson, David Anthony	Smoky vehicle	\$300	Blacktown LC
JMK Haulage Pty Ltd	Smoky vehicle	\$1,000	Burwood LC
JMK Haulage Pty Ltd	Smoky vehicle	\$1,000	Burwood LC
JMK Haulage Pty Ltd	Smoky vehicle	\$1,000	Burwood LC
JMK Haulage Pty Ltd	Smoky vehicle	\$1,000	Burwood LC
McNamara, Deborah Irene	Smoky vehicle	s.10	Burwood LC
Quality Logistics Management Pty Ltd	Smoky vehicle	\$3,000	Burwood LC
Quality Logistics Management Pty Ltd	Smoky vehicle	\$3,000	Burwood LC
Quality Logistics Management Pty Ltd	Smoky vehicle	\$6,000	Burwood LC

Defendant	Charge	Result/Penalty	Court
Quality Logistics Management Pty Ltd	Smoky vehicle	\$6,000	Burwood LC
Roller Truck Australia Pty Ltd	Smoky vehicle	\$2,000	Burwood LC
Swift Transport Pty Ltd	Smoky vehicle	\$10,000	Burwood LC
Sydney Port Logistics Pty Ltd	Smoky vehicle	\$4,000	Burwood LC

Protection of the Environment Operations (Noise Control) Regulation 2008

Defendant	Charge	Result/Penalty	Court
Wickham Robinson, Ashley Guy	Noisy vehicle	s.10	Downing Centre LC

Dangerous Goods (Road and Rail Transport) Act 2008

Defendant	Charge	Result/Penalty	Court
Hill, Darren	Fail to ensure safe transport of dangerous goods	\$2,800	LEC
Stockwell International	Fail to ensure safe transport of dangerous goods	\$84,000	LEC

Radiation Control Act 1990

Defendant	Charge	Result/Penalty	Court
Universal Dye Works Pty Ltd	Failure to register sealed source devices	s.10	Downing Centre LC

Radiation Control Regulation 2013

Defendant	Charge	Result/Penalty	Court
Universal Dye Works Pty Ltd	Dispose of regulated material without consent of the Chairperson of the EPA	s.10 Regulated material ordered to be forfeited	Downing Centre LC

Appendix 3: Penalty notices

Infringement type	EPA		Other NSW Government*		Local government	
	No.	Penalty	No.	Penalty	No.	Penalty
POEO Air: Motor vehicle – smoky	72	\$136,400	–	–	–	–
POEO Air: Motor vehicle – other air	2	\$1,500	–	–	–	–
POEO Air Pollution: Non-motor vehicle – control of burning	–	–	–	–	28	\$17,500
POEO Air Pollution: Non-motor vehicle – emission of air impurities or odours from premises	11	\$75,000	–	–	5	\$18,000
POEO Noise: Motor vehicle	152	\$45,050	–	–	–	–
POEO Noise: Non-motor vehicle	–	–	305	\$91,500	37	\$12,300
POEO Littering: Aggravated litter – motor vehicle	1	\$450	59	\$26,700	102	\$47,550
POEO Littering: Aggravated litter – non-motor vehicle	3	\$1,000	–	–	–	–
POEO Littering: Motor vehicle	9,999	\$2,653,500	254	\$63,750	1,310	\$345,600
POEO Littering: Non-motor vehicle	–	–	679	\$139,720	2,151	\$259,520
POEO Land Pollution and Waste	41	\$414,250	4	\$18,000	237	\$686,250
POEO Land Pollution and Waste: Asbestos/hazardous	3	\$9,000	–	–	264	\$748,750
POEO Water: All offences	14	\$202,500	2	\$15,000	327	\$2,352,000
POEO Other Offences, e.g. contravene licence conditions	136	\$1,089,750	6	\$21,000	375	\$730,050
Dangerous Goods: All offences	16	\$53,560	–	–	–	–
Pesticides: All offences	23	\$14,700	–	–	–	–
Native Vegetation: All offences	5	\$20,900	–	–	–	–
Radiation	2	\$3,000	–	–	–	–
Total	10,480	\$4,720,560	1,309	\$375,670	4,836	\$5,217,520

* ‘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*

Appendix 4: Grants – waste programs

The EPA offers grants to government, business and the community to help reduce waste, combat illegal dumping, increase the capacity for recycling and educate people about best-practice ways of helping the environment. All waste grant funding comes from recurrent EPA funding unless stated otherwise.

Local Government Program

Waste Less, Recycle More is providing local government with \$137.7 million over four years to support local communities to increasing recycling and reduce illegal dumping and littering. The fund includes payments to the following programs:

- Better Waste and Recycling Fund
- Regional Coordination and Strategy Support Program Greater Sydney
- Regional coordination and strategy support for rural and regional NSW
- Waste Aid partnership for sustainable waste management in discrete Aboriginal communities across NSW.

During 2016–17, total payments of \$21,665,133 were made.

Local government grants

During 2016–17, total payments were \$21,583,133.

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 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*.

Grants are available to local councils and regional groups of councils in the waste levy-paying area.

The table shows grants approved during 2016–17.

Recipient	Grants approved
Ballina Shire Council	\$124,831
Bellingen Shire Council	\$71,891
Blacktown City Council	\$662,854
Blue Mountains City Council	\$195,222
Botany Bay City Council	\$130,563
Burwood Council	\$114,486
Byron Shire Council	\$107,207
Campbelltown City Council	\$337,479
Central Coast Council	\$708,010
Cessnock City Council	\$149,504

Recipient	Grants approved
City of Canada Bay Council	\$209,640
City of Canterbury-Bankstown	\$744,971
City of Sydney	\$414,745
Clarence Valley Council	\$142,147
Coffs Harbour City Council	\$181,704
Cumberland Council	\$503,079
Dungog Shire Council	\$64,630
Fairfield City Council	\$423,585
Georges River Council	\$367,391
Hawkesbury City Council	\$169,021
Hornsby Shire Council	\$318,086
Hunter Councils Inc.	\$175,813
Hunters Hill Council	\$74,956
Illawarra Pilot Joint Organisation	\$124,297
Inner West Council	\$487,466
Kempsey Shire Council	\$102,625
Kiama Municipal Council	\$87,215
Ku-ring-gai Council	\$271,620
Kyogle Council	\$65,413
Lake Macquarie City Council	\$422,784
Lane Cove Council	\$112,180
Lismore City Council	\$130,354
Liverpool City Council	\$417,700
Macarthur Regional Organisation of Councils	\$75,884
Maitland City Council	\$186,863
Mid-Coast Council	\$310,791
Midwaste Regional Waste Forum	\$84,841
Mosman Municipal Council	\$103,797
Muswellbrook Shire Council	\$79,316
Nambucca Shire Council	\$84,145
Newcastle City Council	\$343,861
North East Waste Regional Waste Group	\$82,156
Northern Beaches Council	\$630,720
Northern Sydney Regional Organisation of Councils	\$167,855
North Sydney Council	\$179,194

Recipient	Grants approved
Parramatta City Council	\$457,766
Penrith City Council	\$406,979
Port Macquarie–Hastings Council	\$191,139
Port Stephens Council	\$176,794
Randwick City Council	\$313,803
Richmond Valley Council	\$90,303
Rockdale City Council	\$247,741
Ryde City Council	\$259,816
Shellharbour City Council	\$175,006
Shoalhaven City Council	\$230,985
Shore Regional Organisation of Councils	\$82,316
Singleton Shire Council	\$91,970
Southern Sydney Regional Organisation of Councils	\$464,654
Strathfield Municipal Council	\$120,828
Sutherland Shire Council	\$464,219
The Council Of Camden	\$171,902
The Hills Shire Council	\$334,333
Tweed Shire Council	\$216,541
Upper Hunter Shire Council	\$74,899
Waverley Council	\$180,570
Western Sydney Regional Organisation of Councils	\$462,184
Willoughby City Council	\$185,005
Wingecarribee Shire Council	\$135,821
Wollondilly Shire Council	\$134,896
Wollongong City Council	\$430,404
Woollahra Council	\$156,239
Total	\$17,200,005

Other local government support

A total of \$69,800 in grant funding was approved for Local Government NSW to assist local councils to deliver Better Waste and Recycling Fund projects.

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 ran over four financial years to July 2017 with payments made as milestones were achieved.

The table below shows grants approved during 2016–17.

Recipient	Grants approved
Hunter Councils Inc.	\$253,333
Illawarra Pilot Joint Organisation	\$120,000
Macarthur Regional Organisation of Councils	\$160,000
Southern Sydney Regional Organisation of Councils	\$480,000
Total	\$1,013,333

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 2016–17.

Recipient	Grants approved
Midwaste Regional Waste Forum (Mid North Coast Councils)	\$385,071
NetWaste Regional Councils Waste Group	\$726,495
North East Waste (North Coast Councils)	\$444,493
Northern Inland Regional Waste Group of Councils	\$411,679
Riverina and Murray Regional Organisation of Councils – Murray	\$339,930
Riverina and Murray Regional Organisation of Councils – Riverina	\$257,158
Riverina Eastern Regional Organisation of Councils	\$344,632
SERRG Voluntary Regional Waste Group	\$390,542
Total	\$3,300,000

Community organisation grants

During 2016–17, total grants of \$82,000 were paid to Waste Aid Ltd for sustainable waste management in discrete Aboriginal communities across NSW. This program provides funding for:

- development of sustainable waste management plans in Aboriginal communities
- two pilot programs
- a dedicated project coordinator.

Bin Trim program

The EPA developed the Bin Trim Business Grants Program to support improved waste and recycling measures in NSW businesses. The grants program funds organisations to provide waste experts who offer free advice and support to participating businesses to assist them to increase their recycling and reduce their disposal of waste to landfill. These grants are supported by a combination of recurrent EPA funding and NSW Environmental Trust funds.

The grants program is complemented by the Bin Trim Rebates Program which aims to increase business recycling by providing small- and medium-sized businesses (SMEs) with rebates to help cover the cost of small-scale onsite recycling equipment. SMEs, facility managers and small-scale recyclers managing SME waste can apply if they have received a waste assessment.

The program offers rebates of between \$1000 and \$50,000 to cover up to 50% of the cost of equipment. The rebates program is solely funded by money received from the Environmental Trust.

During 2016–17:

- total payments from external funding were \$3,720,110, comprising:
 - \$2,709,439 for grants
 - \$1,010,671 for rebates
- total payments from EPA recurrent funding were \$725,437.

Local government grants

During 2016–17:

- total payments from external funding of \$519,777 were made
- total payments from recurrent funding were \$269,760
- seven organisations received funding
- no new grants were approved.

Non-government grants

During 2016–17:

- total payments from external funding were \$2,147,978
- total payments from recurrent funding of \$395,776 were made
- 18 organisations received funding
- no new grants were approved.

Community organisation grants

During 2016–17:

- total payments from external funding of \$41,684 were made
- total payments from recurrent funding were \$59,900
- one organisation received funding
- no new grants were approved.

Rebates – small-scale recycling equipment

During 2016–17, total payments were \$1,010,671.

The table below shows grants approved during 2016–17.

Recipients	Grants approved
Alphacare Boolaroo	\$6,500
Amora Hotel Jamison Sydney	\$4,725
Armidale Recycling Services – Armidale facility	\$15,860

Recipients	Grants approved
Armidale Recycling Services – Guyra facility	\$36,458
ATS Timber	\$5,745
Ausskips	\$20,000
Beachcomber Holiday Park	\$1,527
Bega Betta Electrical	\$6,500
Bin Master	\$3,745
Bomaderry Bowling Club	\$2,002
Burchalls Transport and Recycling	\$13,350
Cafe Deluca	\$6,750
Carlingford Village Shopping Centre	\$2,684
Central Park Mall	\$4,850
Choice	\$1,134
Citadel Towers	\$10,872
Classic Blinds and Shutters	\$2,995
Dapto Leagues Club	\$1,839
Dexus Wholesale Property Trust	\$13,720
Dexus Wholesale Property Trust	\$3,244
Doorstep Organics	\$7,328
Dungog Shire Council	\$11,500
Echoes Hotel	\$27,190
Environmental Treatment Solutions	\$20,445
Everlast Automotive Spares	\$37,965
EXGS Pty Ltd t/as Exeter General Store	\$1,018
4 Pines Brewing Company	\$27,750
Fretus Waste Services	\$14,591
Frutex Australia	\$13,500
Furnware Dorset	\$11,500
Gibraltar Hotel	\$2,540
Gibraltar Hotel	\$6,975
Gibraltar Hotel	\$5,590
Gibraltar Hotel	\$14,500
Glen Innes Royal Freemasons Masonic Village	\$1,846
GMK Logistics	\$16,373
Halcyon Cabarita Beach Pty Ltd	\$7,300
Hobson Engineering	\$6,000

Recipients	Grants approved
Hornsby RSL	\$27,924
Howlong Nursery	\$43,399
Hoxton Industries	\$1,250
Hydro Majestic Hotel	\$50,000
Hyrock NSW, Port Kembla site	\$12,300
IGA Braidwood	\$8,379
IGA Wentworth Point	\$8,403
Ingleburn RSL Club	\$1,005
Insulation Industries	\$1,725
Invenco	\$9,661
Jason L	\$15,027
Jennmar Australia	\$1,056
JK Plastics	\$33,193
Julianna's Buffet Restaurant	\$1,538
Karignan Plantation	\$4,044
Konami Australia Pty Ltd	\$5,770
Lilianfels Hotel	\$50,000
Macadamia Processing Co. Ltd	\$5,745
McDonalds Haberfield	\$7,238
Milton Ulladulla Ex-Servos Club	\$1,026
Mirvac – Birkenhead Point Outlet Centre	\$38,815
Mirvac East Village	\$17,500
Mollymook Beach Bowling and Recreation Club	\$5,028
Mollymook Golf Club (Hill Top Golf Club)	\$1,640
Mona Vale Golf Club	\$26,000
MSR Services	\$35,000
Northaven	\$9,600
Organic Recycling Pty Ltd	\$22,545
Parramatta Leagues Club	\$35,000
Photo Create Pty Ltd – Kilkenny Place	\$4,995
Photo Create Pty Ltd – Lang Street	\$4,995
Pittwater RSL	\$37,500
Precast Elements	\$1,870
Precision Frames and Trusses	\$2,025
Preformed	\$4,295

Recipients	Grants approved
Preformed	\$9,295
Primo Moraitis Fresh	\$10,342
Rowles Site Solutions	\$50,000
Shoalhaven Ex-Servos Club	\$1,984
Sir Stamford Circular Quay	\$2,999
Smart Earth Recycling	\$30,078
SMEG Australia	\$12,995
SPAR Supermarket Suffolk Park	\$3,745
St Brigids Gwynneville Catholic Parish Primary School	\$1,163
Superior Cores	\$33,373
Sustainable Salons Australia	\$24,387
Swill House	\$25,000
Sydney Superyacht Marina	\$18,816
The Farm Byron Bay	\$5,745
The Unheard Melody t/as Revolve Your World	\$50,000
Tip Top Bakeries Newcastle	\$21,250
Tradies Caringbah and Tradies Helensburgh	\$1,459
Turrumurra Plaza Shopping Centre (Tetbury Pty Ltd)	\$4,157
Twin City Recyclers	\$1,950
UniBar, University of Wollongong	\$3,812
UniCentre	\$25,185
Utopia	\$1,575
Vesuvius Australia	\$6,245
Walsh Architectural Salvage	\$2,000
Warrigal Blinds	\$6,609
Wollongong Recycling and Building Supplies	\$21,900
Xypex Australia	\$7,050
YMCA of Sydney	\$1,020
Total	\$1,318,036

Illegal dumping

The *Waste Less, Recycle More* initiative provides \$58 million over five years to combat illegal dumping. The EPA's illegal dumping programs are guided by the *NSW Illegal Dumping Strategy 2014–2016*, which uses education, capacity building and prevention, clean-up and enforcement programs to decrease incidents of illegal dumping.

During 2016–17, total payments of \$3,368,756 were made for four grant programs under this initiative.

Combating Illegal Dumping Clean-up and Prevention Program grants help local councils, public land managers and community groups identify local illegal dumping hotspots and prevent and clean-up waste on publicly-managed land as follows:

- funding option 1 are grants of \$50,000–\$150,000 for councils and public land managers to carry out illegal dumping clean-up and prevention projects
- funding option 2 is for grants of up to \$20,000 for councils and public land managers to establish illegal dumping baseline data
- funding option 3 are grants of up to \$50,000 for illegal dumping clean-up and prevention community partnerships.

Regional Illegal Dumping Squads (RID squads) are regionally based teams who work on behalf of participating councils to investigate and manage illegal dumping. Funding for RID squad activities is shared equally by the EPA and member councils.

Aboriginal Clean up and Prevention grants support Local Aboriginal Land Councils to clean up and prevent illegal dumping on privately owned Aboriginal land. Grants ranging from \$5000 to \$50,000 are available for individual projects.

The **Reducing Illegal Dumping on Charitable Recyclers Program** funds an annual program for local communities, charitable organisations and volunteer groups. The grants aim to prevent illegal dumping around donation bins and shopfronts by funding the installation of illegal dumping prevention infrastructure such as lighting and signage.

Local government grants

Combating Illegal Dumping Clean-up and Prevention Program

Total payments for 2016–17 were \$2,576,132 (see table below).

Recipients	Grants approved
Bathurst Regional Council	\$19,890
Cessnock City Council	\$102,118
Goulburn–Mulwaree Council	\$62,635
Illawarra Point Joint Organisation	\$74,080
Lake Macquarie City Council	\$22,000
Lismore City Council	\$20,000
Narrabri Shire Council	\$18,500
Port Macquarie–Hastings Council	\$147,560
Shoalhaven City Council	\$125,400
Total	\$592,183

Regional Illegal Dumping Squads and Programs

The table below shows grants approved during 2016–17.

Recipients	Grants approved
Hunter RID Squad	\$400,000
Southern Councils Group RID Program	\$406,000

Recipients	Grants approved
Sydney RID Squad	\$850,000
Western Sydney RID Squad	\$406,000
Total	\$2,062,000

Non-government grants

During 2016–17, total payments were \$323,697.

Aboriginal Land Clean Up and Prevention Program

The table below shows grants approved during 2016–17.

Recipients	Grants approved
Eden Local Aboriginal Land Council	\$20,000
Jali Local Aboriginal Land Council	\$39,895
Jerrinja Local Aboriginal Land Council	\$89,000
Karuah Local Aboriginal Land Council	\$50,000
Tweed–Byron Local Aboriginal Land Council	\$49,980
Ulladulla Local Aboriginal Land Council	\$30,700
Yaegl Local Aboriginal Land Council	\$44,788
Total	\$324,363

Community organisation grants

During 2016–17, total payments were \$39,159.

Reducing Illegal Dumping on Charitable Recyclers

The table below shows grants approved during 2016–17.

Organisation	Grants approved
Anglicare Australia – Bomaderry	\$7,000
Lifeline – Broken Hill	\$7,000
Lifeline – Lismore	\$7,000
Lifeline – Northern Beaches	\$7,000
Mid-Coast Care – Port Macquarie	\$3,532
Mission Australia – Campbelltown	\$5,265
Mission Australia – Campbelltown, Warilla, Dapto	\$6,950
The Salvation Army – Bega	\$2,614
The Salvation Army – Fairfield and Yagoona	\$7,000
The Salvation Army – Helensburgh	\$740
The Salvation Army – Menai	\$1,750
The Salvation Army – Riverwood	\$840

Organisation	Grants approved
Total	\$56,691

NSW budget sector agencies

During 2016–17, total grants of \$354,038 were made.

Combatting Illegal Dumping: Clean-up and Prevention Program

The table below shows grants approved during 2016–17.

Recipient	Grants approved
National Parks and Wildlife Service (Hunter Coast Area)	\$60,140
National Parks and Wildlife Service (Lakes Area)	\$132,950
National Parks and Wildlife Service (Lakes Area)	\$33,100
National Parks and Wildlife Service (Lakes Area)	\$23,000
National Parks and Wildlife Service (Lower Hunter Area)	\$12,300
National Parks and Wildlife Service (Lower Hunter Area)	\$150,000
Total	\$411,490

NSW non-budget sector agencies

During 2016–17:

- total payments were \$75,730
- no further grants were approved.

Litter prevention

Litter prevention grants programs enable local councils and community groups to manage local and regional litter hotspots. Grants are provided for education, better infrastructure and clean-up, effective enforcement of litter laws, and monitoring and evaluating activities.

During 2016–17, total payments of \$1,862,294 were made, all for local government grants.

Local government grants

Litter: Regional Implementation Program Grants – Stage 2

This program financially supports regional waste groups of councils. In 2016–17, the program funded litter projects in all 15 regional waste group areas in NSW. All NSW local councils except two were involved in these groups.

The table below shows grants approved in 2016–17.

Recipient	Grants approved
Canberra Region Joint Organisation	\$84,000
Hunter Councils Group	\$49,865
Illawarra Pilot Joint Organisation	\$71,060
Macarthur Regional Organisation of Councils	\$35,000

Recipient	Grants approved
Midwaste	\$110,000
NetWaste	\$125,000
North East Waste	\$80,000
Northern Inland Regional Waste	\$88,000
Northern Sydney Regional Organisation of Councils	\$108,400
RAMROC Murray	\$35,000
RAMROC Riverina	\$35,000
Riverina Eastern Regional Organisation of Councils	\$35,000
Shore Regional Organisation of Councils	\$68,600
Southern Sydney Regional Organisation of Councils	\$140,000
Western Sydney Regional Organisation of Councils	\$139,828
Total	\$1,204,753

Litter: Regional Implementation Program Grants – Enhancement Round

The 2016–17 enhancement round provided supplementary funding to support regional waste groups in extending existing regional projects and bringing forward, or preparing for, projects identified in regional litter plans.

The table shows grants approved in 2016–17.

Recipient	Grants approved
Hunter Councils Group	\$20,000
Illawarra Pilot Joint Organisation	\$50,000
Midwaste	\$50,000
North East Waste	\$39,650
Southern Sydney Regional Organisation of Councils	\$11,004
Total	\$170,654

Round 3 Council Litter Prevention Grants

Council Litter Prevention Grants support local councils to use the EPA's *Hey Tosser!* litter campaign materials to educate their communities and Local Litter Check to measure results. 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 by funding for education, enforcement, better infrastructure and evaluation. Grants were approved in 2015–16 for projects running in 2016–17. Refer to *EPA Annual Report 2015–16* for details of recipients.

Community organisation grants

Community Litter Prevention Grants: Round 3

Community Litter Prevention Grants fund local communities to target local litter hotspots and build partnerships in their neighbourhoods.

A grant was awarded to Keep NSW Beautiful in 2015–16 to administer the program on behalf of the EPA. Funding covered administration and direct grant payments to community groups. In 2016–17, no further payments were made to Keep NSW Beautiful, but the organisation used funds already provided to offer grants to community groups.

No grant payments were made during 2016–17, although grants were approved for the following community groups:

Recipient	Grants approved
Ballina Dragonboat Racing Club	\$500
Crommelin Native Arboretum Inc.	\$500
Dapto Anglican Church	\$500
Fixx Events & Marketing	\$3,740
Gagamin Aboriginal Men's Group c/- Orana Support Service	\$500
Girl Guides Association – Hay Guide Unit	\$2,727
Hazelbrook Association Community	\$500
Hyams Beach Villagers Association	\$500
Inland Waterways Rejuvenation Association	\$500
Lake Macquarie Sustainable Neighbourhood Alliance	\$4,495
Macarthur Diversity Services Initiative	\$4,500
Macquarie Shores	\$500
Maitland Grossman High School	\$454
Manly Food Co-Operative	\$500
Narooma Blue Water Dragons	\$500
Positive Change for Marine Life	\$500
Pottsville Beach Neighbourhood Centre	\$500
Seaside Scavenge	\$500
Snowy River Interstate Landcare Committee	\$500
Thurgoona Community Centre	\$454
Total	\$23,370

Improving systems for household problem wastes

Many potentially harmful household products cannot be disposed of in kerbside bins. These include leftover or unwanted paints, cleaners, gas bottles and batteries. The EPA provides NSW householders with two convenient ways to safely and easily dispose of these items – the Household Chemical CleanOut and Community Recycling Centres programs.

During 2016–17, total payments of \$1,351,519 were made, all for local government grants.

Local government grants

Regional Household Chemical CleanOut Program

The EPA conducts the Household Chemical CleanOut Program in the Sydney Metropolitan, Illawarra, Central Coast and Hunter regions.

In rural and regional NSW, the EPA provides funds to the Voluntary Regional Waste Groups for collection events where householders can dispose of their hazardous wastes free of charge for safe disposal or recycling. The regional delivery of the service in rural areas provides statewide coverage so all householders have access to the program.

The table below shows grants approved during 2016–17.

Recipient	Grants approved
NetWaste	\$190,000
Northern Inland Regional Waste	\$50,000
Riverina Eastern Regional Organisation of Councils	\$75,000
Total	\$315,000

Community Recycling Centres

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

As of June 2017, 101 CRCs and mobile units have been funded through infrastructure grants administered by the NSW Environmental Trust.

In addition to the grants, the EPA provides funding to councils to support:

- community and education activities
- branded signage
- tablets for online reporting
- safety cabinets for hazardous materials
- spill kits provided at the CRCs.

The table below shows grants approved during 2016–17.

Recipient	Grants approved
Albury City Council	\$14,783
Armidale Regional Council	\$26,940
Bega Valley Shire Council	\$18,406
Bellingen Shire Council	\$6,455
Cabonne Council	\$776
City of Canada Bay Council	\$14,133
Clarence Valley Council	\$6,819
Cootamundra–Gundagai Regional Council	\$1,104
Cumberland Council	\$30,000
Griffith City Council	\$808

Recipient	Grants approved
Gundagai Shire Council	\$1,104
Hornsby Shire Council	\$22,493
Inner West Council	\$20,000
Kiama Municipal Council	\$63,819
Liverpool City Council	\$13,000
Mid-Coast Council	\$1,025
Midwaste	\$75,000
Murray River Council	\$60,000
Narrabri Shire Council	\$4,874
NetWaste	\$57,000
North East Waste	\$65,000
Northern Sydney Regional Organisation of Councils	\$60,976
Penrith City Council	\$14,465
Port Stephens Council	\$10,000
Randwick City Council	\$41,270
Riverina and Murray Regional Organisation of Councils	\$128,405
Riverina Eastern Regional Organisation of Councils	\$57,500
Shoalhaven City Council	\$26,748
Singleton Shire Council	\$10,000
Snowy–Monaro Regional Council	\$16,725
Walcha Shire Council	\$16,026
Wentworth Shire Council	\$16,480
Wingecarribee Shire Council	\$9,065
CRC dangerous goods safety cabinets and spill kits	\$125,320
Total	\$1,036,519

Organics Infrastructure Fund

The Organics Infrastructure Fund provides \$105.5 million over nine years to support the avoidance, reuse and recycling of NSW household and business food and garden waste. The program funds education, kerbside collections, processing infrastructure, organics market development and new and enhanced food rescue operations. Some grant programs are run in partnership with the NSW Environmental Trust.

During 2016–17, total payments were \$1,341,918.

Non-government grants

During 2016–17, total payments of \$889,942 were made.

Organics Market Development Grants

This program provides \$2.6 million to support expansion of the market for recycled organics in NSW. Developing new markets will support an increase in supply of organics being driven through other grants programs under the Organics Infrastructure Fund.

Grants are awarded through two streams:

- Stream one – Product Quality: Grants of up to \$50,000 for projects that will improve product quality or understanding of the benefits of quality product
- Stream two – Market Development: Grants of up to \$500,000 for projects that develop new markets or expand existing markets for recycled organics. Approximately 85% of the total funding will be available under this stream.

Projects awarded under this program may run over many financial years. Payments are made as milestones are achieved.

The table below shows grants approved during 2016–17.

Recipient	Grants approved
Australian Soil Management Pty Ltd	\$50,000
Centre for Organic Research	\$50,000
Mike Ritchie & Associates Pty Ltd	\$29,711
RM Consulting Group Pty Ltd	\$15,700
RM Consulting Group Pty Ltd	\$42,300
Total	\$187,711

NSW budget sector agencies

During 2016–17:

- total payments were \$451,976
- no new grants were approved.

Industrial ecology and business recycling programs

Industrial ecology is a strategy for increasing resource recovery by recycling waste materials across different industries. *Waste Less, Recycle More* provides \$60 million to support councils, households, business, industry, not-for-profit organisations and charities to develop industrial ecology projects. These projects divert waste from landfill and support the continued development and upgrade of necessary infrastructure and services across NSW.

The EPA delivers the Civil Construction Market Pilot Program and Circulate Industrial Ecology Program (see below).

During 2016–17, total payments were \$628,314, all for non-government grants.

Non-government grants

Civil Construction Market Pilot Program

The Civil Construction Market Pilot Program funds projects which trial methodologies to increase the use of recycled construction and demolition material in civil construction projects. The

program aims to enable more resource recovery from civil construction projects and overcome barriers to reuse.

Grants of between \$20,000 and \$75,000 were offered to consultants, contractors, waste service providers and local government.

Under the pilot program, one project was approved for funding with Southern Materials Advisory Group in partnership with Cardno receiving \$75,000 for a project to divert 6000 tonnes of waste from landfill by recycling spoil leftovers from construction and demolition projects in NSW.

Circulate Industrial Ecology

The Circulate Industrial Ecology Program supports businesses to identify viable industrial ecology opportunities and minimise the risk they face when considering using waste material as an input in their production or services. The program helps businesses overcome barriers to change and establish realistic business cases.

Across four years to 2017, the Circulate program has sought to engage with 1000 medium-to-large enterprises to establish approximately 100 industrial ecology projects. During this period, the program targeted diversion of 160,000 tonnes of waste from landfill and \$21 million in additional income and savings for participating businesses.

The table below shows grants approved during 2016–17.

Recipients	Grants approved
Cross Connections Consulting Pty Ltd	\$100,000
Wild Blue Global Consulting Pty Ltd	\$50,920
Total	\$150,920

Waste and recycling infrastructure: Australian Packaging Covenant grants

The Australian Packaging Covenant (APC) brings together government, industry and community groups on projects that address packaging sustainability. The APC and the EPA co-fund this grant program with the NSW component coming from *Waste Less, Recycle More*.

During 2016–17, total payments were \$47,056.

Local government grants

During 2016–17:

- total payments of \$13,900 were made
- no new grants were approved.

Non-government grants

During 2016–17:

- total payments were \$33,156
- no new grants were approved.

Weighbridge Fund

The Weighbridge Fund supports recycling facilities and landfills that meet the eligibility criteria for installing weighbridges that will facilitate the collection and payment of the Waste and Environment Levy. Weighbridge infrastructure will ensure better measurement of waste and support improved environmental performance at these facilities.

The EPA manages the Weighbridge Fund through the Waste and Recycling Infrastructure program.

During 2016–17, total payments were –\$23,268 after some projects experienced delays and grant monies were returned from a grantee not requiring a weighbridge.

Local government grants

During 2016–17:

- total payments were –\$3,254
- no new grants were approved.

Non-government grants

During 2016–17, total payments for this category were –\$20,014.

The table below shows grants approved during 2016–17.

Recipients	Grants approved
CMA Ecocycle	\$60,000
Recycled Concrete Products	\$61,950
Suez Recycling Centre – Newcastle	\$75,000
Sydney Tyre Recycling	\$75,000
Tox Free	\$51,000
Total	\$322,950

Container Deposit Scheme

Return and Earn, the NSW container deposit scheme, will commence across NSW on 1 December 2017. Return and Earn will have over 500 collection points across the state, including more than 800 reverse-vending machines. Over half the collection points will be automated. Collection points may also be at local shops, depot sites, existing recycling centres, or a combination of all, where anybody can return an eligible drink container for a 10-cent refund.

Container litter currently makes up 44% of all litter in NSW and costs more than \$162 million to manage. Return and Earn will help meet the Premier's goal of reducing the volume of litter in NSW by 40% by 2020.

Local government grants

During 2016–17, total payments for this category were \$20,000.

Kerbside audits

Return and Earn funded kerbside audits that provided useful data on drink container waste collected at the kerbside. The funding enabled audits across eight local government areas and

1050 households. Councils benefited by gaining access to far more detailed data from their area at no extra cost.

In 2016–17, a grant of \$20,000 was approved for Kempsey Shire Council to carry out a kerbside audit.

Appendix 5: Grants other than for waste programs

NSW Government response to Williamstown contamination

NSW budget sector agencies

Years of firefighting training on the Commonwealth RAAF Base at Williamstown resulted in chemical contamination spreading off the base to the surrounding area. On 2 December 2015, the NSW Government approved funding over two years to deal with the contamination issue.

The table below shows grants approved during 2016–17. Payments are made on the basis of milestones to be achieved. During 2016–17, total payments to all grant recipients amounted to \$966,380.

Recipient agency	Grants approved
Office of Chief Scientist and Engineer – for staffing costs to support the work of the Expert Panel established to provide informed scientific advice to the EPA on the potential health and environmental impacts of the contamination. The funding also covers commissioned studies to support the activities of the Expert Panel.	\$320,000
Department of Health – to provide mental health counselling and support services and appointment of a public health physician at Williamstown	\$250,000
Office of Environment and Heritage – for staff to operate the liquid chromatography mass spectrometer (LC-MS) for PFOS/PFOA analysis in soil, water, biota and milk and provide advice on contaminants and risks	\$554,180
Department of Premier and Cabinet – for staffing support for the Williamstown Community Investigation Reference Group which reports to the Williamstown Contamination Expert Panel	\$150,000
Total	\$1,274,180

Contaminated Land Management Program

Local government

Regional Capacity Building Program

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

The table below shows total grants approved since 2014–15. Payments are made on a milestone basis. During 2016–17, total payments to all grant recipients amounted to \$600,000.

Initial recipient	Grants approved over four years
Bathurst, Orange and Dubbo and Alliance Partners	\$450,000
Hunter Councils Inc.	\$300,000
Mid North Coast Regional Organisation of Councils	\$300,000
Riverina Eastern Regional Organisation of Councils and Riverina and Murray Regional Organisation of Councils	\$450,000
Total	\$1,500,000

Derelict underground petroleum storage systems in council road reserves

These grants assist local councils to clean up derelict underground petrol storage systems on council property.

During 2016–17, total payments to all grant recipients amounted to \$905,580. The table below shows grants approved in 2016–17.

Recipient	Grants approved
Bellingen	\$150,000
Blayney	\$85,000
Gundagai	\$225,000
Gunnedah	\$16,630
Kempsey	\$90,000
Mid Coast	\$23,950
Narrabri	\$205,000
Warrumbungle	\$60,000
Total	\$855,580

Council Gasworks Scheme

Council gasworks grants assist councils to investigate and remediate former gasworks facilities they operated in the past. During 2016–17, a grant of \$191,015 was awarded to Newcastle Council for Waratah Gasworks.

Other grants

The EPA awarded a grant of \$93,341 to Coffs Harbour City Council for the ongoing management of a former innocent owners project on the banks of the Orara River in Coramba.

Woodsmoke Reduction Project

Local government

This project aims to reduce the impacts of woodsmoke on the Muswellbrook and Singleton communities. A \$50,000 grant was awarded to Singleton Council for joint administration of a region-specific program consisting of an education campaign, advice on behavioural change, promoting more efficient heating, and financial incentives for chimney cleaning and replacing old woodheaters with a cleaner form of heating.

Broken Hill Environmental Lead Program

Non-government

A grant of \$250,000 was provided for Maari Ma Health Aboriginal Corporation under a memorandum of understanding in partnership with the Broken Hill Environmental Lead Program (BHELP). The grant will help address ongoing lead exposure issues and respond to the detection of elevated blood-lead levels in Aboriginal children at Broken Hill. The funding covers education and awareness-raising about lead, home assessment and remediation programs.

A further grant of \$41,577 was provided to Maari Ma Health Aboriginal Corporation to purchase a portable x-ray fluorescence analyser (XRF) to use in the delivery of lead programs to support the BHELP. Maari Ma manages the analyser and makes it available to other BHELP partner agencies. The XRF provides instantaneous readings of lead levels in soil and paint samples and has proved extremely cost-effective, given the comparative cost of laboratory analysis.

Development of agricultural burning app.

Non-government

The EPA awarded a grant of \$27,273 to the Ricegrowers' Association of Australia to assist in the development of a smartphone app. which will help farmers make decisions about the timing of agricultural burns that minimise the impact on air quality for neighbours and towns.

The app. will be useable in a range of situations across NSW and will inform farmers about the weather conditions for the location of a planned stubble burn, including predicted wind strength and direction. The app. will also note the location of nearby towns and villages and analyse wind direction to provide advice about the suitability for a burn.

Appendix 6: Sponsorships

EPA sponsorships support activities and events which advance the corporate goals of the organisation, especially in relation to interacting with licensees and the community.

The EPA has undertaken a strategic review of its approach to providing sponsorships and the resultant policy and application forms are available on the agency's website.

Sponsorship expenditure in 2016–17 totalled \$249,036. Most sponsorships were for waste and resource recovery projects, including litter, illegal dumping and local government programs.

Organisation/ conference sponsored	Details	Amount (excluding GST)
Litter Congress 2016	The Keep NSW Beautiful Litter Congress is an annual conference devoted to litter prevention which brings together practitioners and experts from around Australia.	\$44,900
Local Government NSW 2016 Conference	The EPA sponsored the waste education and resource recovery categories of the Excellence in the Environment Awards at the conference which recognise outstanding achievements by NSW councils in managing and protecting the environment.	\$35,000
Blue Star Awards 2016	Sponsorship of the <i>Waste Less, Recycle More</i> Waste Reduction Award and the <i>Hey Tosser!</i> Litter Reduction Award, which are part of the Blue Star Awards. The awards recognise and celebrate local council and community work to reduce the impacts of waste and litter and align closely with the EPA's litter and waste grants programs.	\$26,000
1 Million Women	This sponsorship supports the 1 Million Women Roadshow around NSW and the extension of the 1 Million Women Food Lover social media campaign – both aimed at raising awareness of how to avoid food waste.	\$22,500
Annual Sponsorship – University of NSW (UNSW) scholar career development	The UNSW Co-op Program is a career development program that gives scholars an opportunity to gain experience through multiple industry placements with leading companies. Since 2006, the EPA 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 current program commenced on 1 January 2015 and is in the field of environmental engineering. During 2016–17, the third of four payments over the duration of the program was made to UNSW.	\$18,500
7th Australian Landfill and Transfer Station Conference and Expo 2016	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.	\$15,000

Organisation/ conference sponsored	Details	Amount (excluding GST)
Australian Industrial Ecology Conference	The 2017 Australian Industrial Ecology Conference is a high-profile event led by the Australian Industrial Ecology Network which provides an opportunity for the EPA to target key stakeholders and showcase its industrial ecology program. Sponsorship demonstrates the EPA's ongoing commitment to support the development of industrial ecology in NSW.	\$15,000
Waste 2017 Conference, Coffs Harbour	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.	\$14,545
Australasian Land and Groundwater Association – Regional Contaminated Land Management Forum	Sponsorship of this conference allows the EPA to collaborate internally to deliver and share information in core areas of contaminated land, waste, underground petroleum storage systems and emerging contaminants (PFAS). The forum reinforces the EPA's roles as leader, partner and protector with key stakeholders – consultants, landholders and councils of the southern and western NSW regions. Outcomes are measured and reported via follow-up stakeholder surveys.	\$10,000
Environment Institute of Australia and New Zealand – Contaminated Land Management Forum Sponsorship	Sponsorship of this conference allows the EPA to collaborate internally to deliver and share information in core areas of contaminated land, waste, underground petroleum storage systems and emerging contaminants (PFAS). The forum reinforces the EPA's roles as leader, partner and protector with key stakeholders – consultants, landholders and councils of the northern NSW regions. Outcomes are measured and reported via follow-up stakeholder surveys.	\$10,000
OzHarvest Ltd Sponsorship – Think.Eat.Save	Think.Eat.Save is an annual event managed by OzHarvest and conducted in Martin Place to raise awareness of food donation for the needy.	\$9,091
Waste Contractors and Recyclers Industry Association (WCRA) Update 2017	The EPA has co-sponsored this annual event since 2008, demonstrating its ongoing commitment to support this key stakeholder group. It presents an opportunity for knowledge sharing and discussion, including the opportunity to engage directly with stakeholders. WCRA has approximately 180 member organisations, representing about 95% of the waste management and recycling industry in NSW. The association assists the EPA via regular updates to members about the most up-to-date policies, programs and training.	\$6,500

Organisation/ conference sponsored	Details	Amount (excluding GST)
Leishman Associates – Australian Radiation Protection Society (ARPS)	Sponsorship of the keynote speaker at the ARPS 2016 Conference	\$5,000
Australian Organics Recycling Association (AORA) National Conference	Each year AORA hosts an award night to acknowledge outstanding achievements in the organics industry. This sponsorship provides the EPA with branding opportunities on the AORA website, event ads and event 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 at the event.	\$5,000
National Bulk Tanker Association (NBTA) – Bulk Tanker Day 2016	The EPA has a significant role in regulating dangerous goods and the National Bulk Tanker Association is a key stakeholder. The sponsorship, which includes 10 tickets and exhibition space, provides an opportunity for the EPA to inform the industry of its current and pending safety initiatives.	\$5,000
Australasian Land and Groundwater Association – (ALGA) General 2017	The ALGA's core focus is to support advances in the prevention, assessment and remediation of contaminated land and groundwater. ALGA and many of its members are key stakeholders. The sponsorship includes unlimited memberships for EPA staff and up to five free forum attendances per forum event.	\$4,000
Tweed Shire Council/ Aboriginal Network Conference 2016 – Silver Sponsorship	The EPA's sponsorship of this conference supports its work in improving waste management in NSW Aboriginal communities. Involvement with the conference will allow for knowledge sharing, engagement with community leaders and partnership building.	\$2,000
Centre for Organic Research/International Compost Awareness Week Australia (ICAW) 2016	Final payment for sponsorship of an evaluation report on ICAW outcomes	\$1,000
Total		\$249,036

Appendix 7: Requirements for conflict of interest disclosure by EPA Board members

Clause 7 of Schedule 1 to the *Protection of the Environment Administration Act 1991* 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
- 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 because:

- they are a member of, or are employed by, a specified company or other body
- they are a partner of, or are employed by, 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.

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 these are recorded in the minutes of each meeting.

Appendix 8: Public interest disclosures

In accordance with clause 4 of the *Public Interest Disclosures Regulation 2011*, information for the EPA for 1 July 2016 to 30 June 2017 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:	
• corrupt conduct	Nil
• maladministration	Nil
• serious and substantial waste of public money	Nil
Total number of public interest disclosures received	Nil
Total number of public interest disclosures finalised	Nil

Appendix 9: Statistical information on access applications

Under clause 7 of the Government Information (Public Access) Regulation 2009, statistical information must be provided about the formal access to information applications received by the EPA under section 9 of the *Government Information (Public Access) Act 2009* (GIPA Act) during the current reporting year.

Number of access applications received: clause 7(b)

During 2016–17, the EPA received 83 applications for access. Seventeen applications were initially assessed as being invalid. Of these, 13 subsequently became valid and have been included in the total of 83.

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

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

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

Notes

Eleven applications received in the previous reporting year were decided in 2016–17 and are included in the following statistics. One review application to the NSW Civil and Administrative Tribunal was withdrawn.

More than one decision can be made in relation to an access application and, if this occurs, each decision must be recorded.

More than one public interest consideration may apply in relation to an access application and, if this occurs, each consideration must be recorded (but only once per application).

Table A: Number of 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 is held	Application withdrawn
Media	2	1	0	1	0	0	0	0
Members of Parliament	1	1	0	0	0	0	0	0
Private sector businesses	5	1	0	0	0	0	0	2
Not-for-profit organisations/ community groups	6	4	0	0	0	0	0	0
Members of the public – application by legal representative	8	10	0	2	0	2	1	2
Members of the public (other)	13	8	2	4	0	1	1	1

Table B: Number of 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 if information held	Application withdrawn
Personal information applications*	1	0	0	1	0	0	1	0
Access applications – other than personal information applications	34	24	2	6	0	3	1	5
Access applications that are partly personal information applications and partly other	0	1	0	0	0	0	0	0

* A 'personal information application' is an application for access to personal information (as defined in clause 4 of Schedule 4 to the GIPA 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)	17
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	17
Invalid applications that subsequently became valid applications	13

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	0
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
Information about complaints to Judicial Commission	0

Table E: Other public interest considerations against disclosure

	Occasions when application not successful
Responsible and effective government	6
Law enforcement and security	3
Individual rights, judicial processes and natural justice	12
Business interests of agencies and other persons	3
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate freedom of information legislation	1

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	75
Decided after 35 days (by agreement with applicant)	4
Not decided within time (deemed refusal)	0
Total	79

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

	Decision varied	Decision upheld	Total
Internal review	3	5	8
Review by Information Commissioner*	0	3	3
Internal review following recommendation under section 93 of the Act	0	0	0
Review by NCAT**	0	0	0
Total	3	8	11

* 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 decision has been made.

** NSW Civil and Administrative Tribunal (NCAT)

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

	Applications for review
Applications by applicants for access to information	3
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Table I: Applications transferred to other agencies under Division 2, Part 4 of the Act (by type of transfer)

	Applications transferred
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Applicant-initiated transfers	1

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Section 1: EPA staff inspecting a gas well at Santos Narrabri – J Spencer/EPA

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Section 4: Clean-up at the Medowie skate park, part of an EPA-funded litter prevention grant in Port Stephens – Photo courtesy of Maitland City Council

Section 5: Noise monitoring at the site of the North West Rail Link – S Ryan/EPA

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