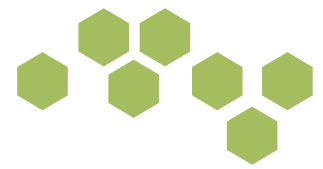




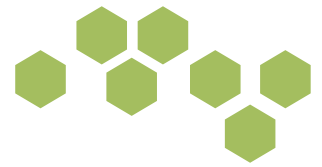
Environment Protection Authority

Annual Report 2013–14



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Letter of submission



The Hon Robert Stokes MP
Minister for the Environment
Level 15
52 Martin Place
Sydney NSW 2000

Dear Minister

We are pleased to submit Annual Report 2013–14 for the New South Wales Environment Protection Authority.

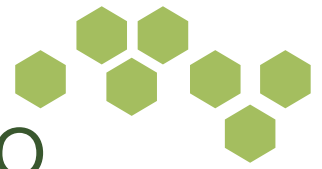
This report was prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984* and *Annual Reports (Statutory Bodies) Regulation 2010*.

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

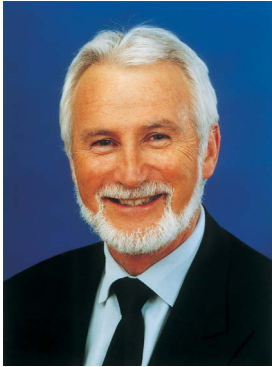
Yours sincerely

BARRY BUFFIER
Chair and CEO
Environment Protection Authority

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Message from the Chair and CEO



It is my pleasure to present the 2013–14 Annual Report for the NSW Environment Protection Authority. The report sets out the important steps the EPA has taken over the last year to protect the environment as

NSW's primary environmental regulator.

Some of the EPA's significant achievements are highlighted below, with the full Annual Report detailing how the EPA is working with businesses, government and the community to manage and reduce pollution and waste.

Effective community engagement is at the forefront of our operations, with the launch of an EPA Twitter account this year and the quarterly stakeholder newsletter, *EPA Connect*, to facilitate conversation about EPA initiatives and inform the community of key events. The EPA has continued to engage with a wide range of community groups in metropolitan and regional areas of NSW and also published the results of an independent survey of stakeholder views of the EPA.

The EPA's legislative reform program included the introduction of a ten-fold increase in penalties for some of the most serious environmental offences and increased ability to seek custodial sentences for recidivist waste dumpers. The EPA is also introducing risk-based licensing to better target its regulatory effort towards high-risk and poorly performing licensees and better allocate its resources. These changes strengthen the EPA's ability to take enforcement action and regulate credibly.

Delivery of the *Waste Less, Recycle More* program is now well underway and this year saw the commencement of the \$20-million *Hey Tosser!* anti-litter campaign, the Community Recycling Centres Program which saw \$597,500 in grants to three councils to build these centres, and a number of grants to *Love Food, Hate Waste* program partners.

The EPA has maintained a strong focus on prosecutions in 2013–14, achieving a success rate of 95%. The prosecution of Orica culminated in a \$768,250 fine being handed down in relation to incidents at the company's Kooragang Island and Botany plants. This is the largest penalty given to a company for a series of environmental prosecutions brought by the EPA and the money will be put towards six projects in Newcastle and one at Botany that aim to restore and enhance the environment.

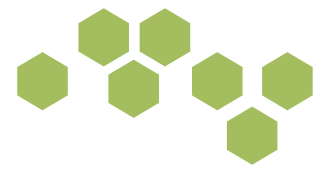
Almost three-quarters of EPA staff participated in the 2014 NSW public sector People Matter Employee Survey. The EPA achieved a better score on 99 of the survey's 106 measures compared with the NSW public sector average. The EPA's values were clearly reflected in the results, with 93% of staff considering their work group to be honest, open and transparent, and 83% proud to tell others who they worked for.

EPA staff are passionate and committed to protecting the environment. We work hard to ensure that NSW's environment is healthy, that communities are protected and that businesses meet their environmental responsibilities.

The EPA Board has provided their assessment of the EPA's performance in their annual Regulatory Assurance Statement, which I am also pleased to present along with this report.

EPA Strategic Plan 2014–17 outlines the long-term priorities for achieving our vision of *Healthy Environment, Healthy Community, Healthy Business* and I look forward to the EPA continuing to deliver on that plan over the next three years.

Barry Buffier
EPA Chair and CEO



Who we are

About the EPA

The EPA is the primary environmental regulator for New South Wales with an independent, expertise-based governing Board that oversees and monitors its operations.

The EPA is an independent statutory authority which leads improvements in environmental performance and waste management in NSW. It works with the community, business, industry and government to maintain a balance between protecting the environment, managing competing demands on the environment and supporting sustainable growth.

EPA vision and objectives

Our vision recognises that a healthy environment is the foundation for healthy communities and businesses: without a healthy environment, the economy and the community are not sustainable in the long term.

Healthy Environment

Healthy Community

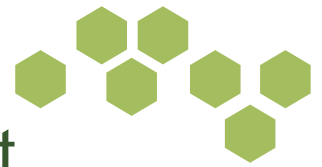
Healthy Business

The EPA's vision goes to the heart of the objectives under section 6 of the *Protection of the Environment Administration Act 1991*:

- to protect, restore and enhance the quality of the environment in NSW, having regard to the need to maintain ecologically sustainable development (ESD) and the effective integration of economic and environmental considerations
- to reduce the risks to human health and prevent the degradation of the environment.

The EPA works to continuously improve its process and practices to ensure that our objectives on reducing environmental impacts and risks to human health are met.

This vision underpins the EPA Strategic Plan which outlines the outcomes we expect to achieve, the strategies we will use to achieve our outcomes and the indicators we will report on to measure our performance.



Regulatory Assurance Statement

Purpose of this statement

This Regulatory Assurance Statement for 2013–14 is presented by the EPA Board to the Minister for the Environment in accordance with section 16(3) of the [Protection of the Environment Administration Act 1991](#). The statement addresses the performance of the NSW Environment Protection Authority (EPA) including:

- an assessment of the success of the EPA in reducing risks to human health and preventing degradation of the environment and whether the level of environment protection it has achieved is satisfactory in comparison with other Australian jurisdictions
- an assessment of the performance by those industries the EPA regulates in reducing risks to human health and preventing degradation of the environment and the impact those industries have on the environment
- any other matters that may be prescribed by the regulations
- recommendations for improving the EPA's regulatory performance of the industries for which it is responsible in terms of reducing risks to human health and preventing degradation of the environment.

NSW EPA regulatory performance

The EPA is the primary environmental regulator for NSW, working with business, government and the community to manage and reduce pollution. The EPA has continued to ensure that risks to human health and the environment are reduced through new regulatory systems, legislative renewal and focused environmental programs. Some achievements of note are highlighted below.

More detail on the EPA's achievements and ongoing programs can be found throughout the [EPA Annual Report 2013–14](#).

Key achievements in 2013–14

Prosecutions success

The EPA achieved a 95% success rate for prosecutions in 2013–14. Fifty-nine prosecutions were completed, resulting in 54 convictions, two cases where the offence was proven but no conviction recorded and three acquittals. In addition, on 28 July 2014, the NSW Land and Environment Court handed down a decision on penalties for the EPA's prosecution of Orica Australia Pty Ltd. The company was convicted and penalised \$768,250 in relation to charges brought by the EPA for pollution incidents at its Kooragang Island and Botany plants in 2011. This was the largest penalty imposed on a company by the Land and Environment Court for a series of prosecutions brought by the EPA. See the [EPA Annual Report 2013–14](#) for detail on other prosecutions and penalty notices.

Risk-based licensing

The EPA's development of a [risk-based licensing system](#) introduces best practice environmental regulation principles to NSW. It will allow the EPA to better target its regulatory effort towards high-risk and poorly performing licensees. Analysis of the licensing systems in other Australian jurisdictions indicates that only Victoria and South Australia use similar risk-related approaches. However the NSW licensing system is the first to link licence fees to environmental performance by determining an environmental management category that is then used to calculate the amount that licensees will pay.

Waste Less, Recycle More initiative

The EPA commenced delivery of Australia's largest waste funding program – [Waste Less, Recycle More](#) – a \$465.7-million, five-year initiative to provide for waste programs and new and upgraded waste and recycling infrastructure across the state. It will deliver economic, employment and environmental benefits for local communities and provide greater incentives for investment in innovative resource recovery infrastructure.

Air quality initiatives and reforms

In 2013–14, the EPA chaired a review of the particle standards in the [National Environment Protection \(Ambient Air Quality\) Measure](#) (NEPM). Following this, in April 2014 Australia's Environment Ministers agreed to commence a variation to the particle standards under the NEPM and develop a National Clean Air Agreement by July 2016.

The EPA also commenced a review to assess compliance of all service stations in the NSW Greater Metropolitan Region with the requirements under the [Clean Air Regulation](#) for vapour recovery. NSW is the only state to have introduced requirements for vapour recovery at the petrol bowser. Installation of vapour recovery equipment reduces emissions of volatile organic compounds and ozone pollution.

The EPA is leading the way to establish a national standard for diesel emissions from non-road equipment. In June 2014, the EPA held a workshop to consult with around 120 stakeholders on the development of a strategy to manage diesel emissions from non-road equipment used in mining and construction, shipping and locomotives. The strategy is to be finalised by the end of 2014. NSW is the only Australian jurisdiction to have a diesel machine retrofit program.

Shaping major planning strategies

Continued comprehensive input by the EPA into the development of major land-use planning strategies is assisting government decision-making and leading to better outcomes for the environment and community amenity. In 2013–14, this included the [Illawarra Regional Growth Plan](#) and [Draft Metropolitan Strategy for Sydney](#). While many of these strategies are yet to be finalised, the EPA input has raised the profile of environment protection considerations during the land-use planning process. These include addressing air, water, noise and waste issues as well as contaminated land management, where required. The EPA also provided advice on 359 planning matters.

Notification of contamination

The EPA is the only Australian environmental authority to have a mandatory contamination notification requirement as well as clear and objective guidelines to determine such notification. There is a legislative obligation in NSW for the EPA to address contamination for sites determined as significantly contaminated. The EPA website lists all [notified contaminated sites](#) as well as a [public register](#) of the sites it regulates. This has led to a backlog of work in assessing the contaminated sites as identified in a report by the NSW Auditor-General and the EPA is implementing a strategy to address this work.

Stability controls for dangerous goods transport

NSW has become the first state or territory to require electronic stability control for dangerous goods tanker trailers. These controls were required to be fitted to all new tanker trailers from 1 July 2014 and retrofitted to all existing tanker trailers by 1 July 2019.

Updating the Waste Strategy

The EPA has consulted extensively in its preparation of a new [Waste Avoidance and Resource Recovery Strategy](#). To ensure the new strategy meets international best practice, the EPA commissioned an independent benchmarking report that compared the current [2007 strategy](#) against 20 Australian and international waste strategies. This found the existing strategy was comparable to international and national strategies in both the scope of issues covered and the types of waste targets set.

Encouraging results from staff surveys

The results of the NSW Government's 2014 [People Matter Employee Survey](#) demonstrated that the EPA rates highly for workplace culture and experiences of staff: 99 of the 106 measures in the survey rated better than average for the NSW public sector. The measures covered issues such as integrity, trust, service, accountability, career development, engagement, equity and diversity, and anti-bullying.

EPA staff participated in an additional online survey of EPA and NSW public sector capabilities. The survey found EPA staff to be well-equipped to perform their duties. Strengths included working as a team, customer focus, cultural awareness, responding to complaints, undertaking inspections and operational capabilities. Some areas for improvement were identified and the EPA is currently implementing strategies to address these issues, including targeted training.

Progress report

The EPA Board provided a number of recommendations for improving the agency's performance in its Regulatory Assurance Statement for 2012–13. Progress has been made on each of these as indicated below.

- The introduction of quarterly reports to the EPA Board on progress against the EPA Strategic Plan's key performance indicators and improvement of the EPA's data on these indicators.
- The EPA has published the [NSW Energy from Waste Policy Statement](#) and conducted extensive consultation on a new Waste Avoidance and Resource Recovery Strategy.
- A framework and evidence base for managing particle pollution, [Managing particles and improving air quality in NSW](#), is now available and air quality initiatives under this have included the [Upper Hunter Air Particles Action Plan](#), the [Dust Stop Program](#), the [Wood Smoke Reduction Program](#) and the review of NEPM particle standards.
- Stakeholder engagement has improved by finalising an extensive survey of stakeholder perceptions of the EPA, holding workshops to develop a knowledge management framework, a revamp of the EPA website and release of a quarterly newsletter for stakeholders, [EPA Connect](#). The EPA provided expert advice and extensive community engagement for projects such as the demolition of the Port Kembla Copper stack, the development of risk-based licensing, and the remake of the Integrated Forestry Operations Approvals and Waste Regulations.

- Ongoing work is improving the EPA's ability to compare its performance against other Australian jurisdictions by examination of their regulatory programs, including penalty levels, risk-based frameworks, waste strategy targets and the amount of publicly available information. The EPA also participated in benchmarking projects as a key member of the [Australasian Environmental Law Enforcement and Regulators Network](#) (AELERT).

Independent review of EPA activities

Botany contamination

Mr Andrew Helps, of HG Recoveries, has raised many issues with the EPA about industrial activities and environmental concerns relating to Botany Industrial Park. At the request of the EPA Board, the Minister for the Environment formally asked the NSW Chief Scientist and Engineer to recommend an independent reviewer to assess EPA processes and compliance in dealing with the issues raised. On the Chief Scientist's recommendation, the EPA Board commissioned senior chemical engineer, Emeritus Professor Chris Fell AM, to undertake the review.

Professor Fell examined the actions of the EPA with respect to mercury pollution from the Orica Port Botany site and, in particular, how the EPA had responded to commentary by Mr Helps on this and other subjects.

In mid-December 2013, Professor Fell found that the EPA had correctly considered and applied the National Environment Protection Measures (NEPM) framework and met its obligations under the [Contaminated Land Management Act 1997](#). Professor Fell also advised that EPA officers had appropriately taken into account the input from Mr Helps and provided considered technical evaluation where appropriate. The accusations by Mr Helps of EPA misinterpretation and misrepresentation of data on contamination and monitoring were not upheld.

Contaminated sites management

The NSW Auditor-General released a report, [*Managing Contaminated Sites*](#), following an examination of the EPA's regulation of contaminated sites on both private and public land under the *Contaminated Land Management Act 1997*. The completed audit assessed how well the risks associated with contaminated sites are being managed and also how government agencies deal with contaminated sites on their land.

The report highlighted areas where improvements to processes could be made to ensure that the EPA maintains the high standard of contaminated land management it has attained among Australian regulators. The EPA Board acknowledges the work the EPA is already doing in responding to many of the recommendations outlined in the Auditor-General's report as part of its ongoing processes of improvement.

Particle emissions from coal trains

Since 2009, the EPA has imposed three pollution reduction programs (PRPs) on the environment protection licence held by the Australian Rail Track Corporation (ARTC) to operate the rail network in the Hunter Valley. These have required ARTC to undertake studies to investigate particle emissions associated with its coal trains. The EPA initiated two independent reviews into the ARTC reports. The first by Dr Luke Knibbs (environmental health lecturer from the University of Queensland's School of Population Health) concluded that there was a major error with the statistical analysis undertaken by ARTC's consultants.

On the advice of the NSW Chief Scientist, Professor Louise Ryan (Distinguished Professor of Statistics at the University of Technology Sydney) undertook a second independent review and statistical re-analysis. This review found significant limitations with the statistical analysis used in the ARTC report. The re-analysis revealed a statistically significant increase (approximately 10%) in particles from loaded and empty coal trains and freight trains compared with background levels but no difference in levels between loaded coal trains, empty coal trains and freight trains. It found that PM_{2.5} particle effects may be associated with the fuel used in diesel locomotives. This supports the EPA position

that covering loaded coal trains will not lead to a significant reduction in air emissions and other measures need to be explored.

The EPA is continuing to work with industry and the community in evaluating the effectiveness of particle mitigation options and assessing feasible and cost-effective measures that will deliver greatest health benefits to communities.

Comparative overview

The EPA is engaging with other Australian jurisdictions to improve comparative reporting on regulatory performance. This includes continued participation in [AELERT](#) on the development of benchmarking indicators.

The EPA reviewed maximum penalty amounts and alternative sentencing options across EPA-administered legislation and benchmarked the value of its penalties for environmental offences and alternative sentencing arrangements against those available in other Australian jurisdictions and New Zealand. Following this, the Minister for the Environment announced significant increases to the penalty notice amounts for a number of environmental penalties, including a ten-fold increase for the 10 most serious offences, making penalty notice amounts in NSW among the highest in Australia. The Minister also announced legislative amendments to provide for restorative justice processes in sentencing, which will encourage corporate social responsibility practices and improve outcomes for the environment and communities.

The EPA is one of the leading regulators in making public data available. The EPA's [Public Registers](#) are accessible to the community online and include details on management orders for contaminated sites, environment protection licence annual reports, EPA audit of licensed premises and compliance action, such as penalties and prosecutions.

The EPA uses Australian and international standards (ISOs – International Standardisation Organisation) as benchmarks when developing and implementing legislation, regulations, programs and guidelines. This includes standards and guidelines associated with contaminated sites (underground petroleum

storage systems), clean air (domestic solid fuel heaters, vertical exhaust pipe vehicles and petrol volatility), vapour recovery (pressure vacuum valves) and noise (industrial, road, infrastructure, construction, rail and wind farms).

All compliance audits are undertaken in accordance with the EPA's compliance audit procedures and protocols, using the principles of auditing prescribed in the ISO auditing standard. Assessments of compliance at licensed premises are made using Australian and international standards for water quality sampling, stationary source emissions, the storage and handling of toxic substances, flammable and combustible liquids, and use of explosives in coal preparation. Auditor training has also been in accordance with the relevant ISO standard. In addition, the EPA commissioned an independent review of its risk-based licensing system which found that it provided a sound approach compliant with the ISO international risk management standard.

Performance of industries regulated by the EPA

Dust Stop Program and coal mines

The EPA's Dust Stop Program requires all open-cut coal mines to implement international best practice in managing their dust. The EPA added binding pollution reduction programs to the conditions of all open-cut coal mine environment protection licences, requiring new actions to reduce dust. This included implementing best practice controls on wheel-generated dust on haul roads, modifying or ceasing overburden handling in adverse weather, and investigating better dust controls when handling overburden. Mines have been required to develop and implement programs to monitor the effectiveness of these actions and are due to report to the EPA on their achievements in August 2014. The EPA is also leading a joint approach to look at the cumulative impact from coal mines in the Hunter.

Coal seam gas review

Since February 2013, when the EPA was appointed the NSW regulatory agency for coal seam gas (CSG) operations, additional resources have been acquired to undertake this role. One legislative change has required all CSG operations in NSW (exploration, assessment and production) to hold environment protection licences from the EPA. All of these licences are subject to strict site-specific conditions designed to protect the environment and local communities. They include conditions that regulate and monitor possible impacts relating to noise, water, air, waste and land.

Waste tyre campaign

The EPA conducts significant and focused regulatory campaigns which this year included 'Operation Funnel Web', targeting 285 tyre retailers across NSW. During inspections, EPA officers surveyed the removal, transport and processing of waste tyres and the awareness of staff about their responsibilities in disposing of waste tyres. As a result, the EPA required six tyre retailers and a small number of tyre processing and storage sites to take remedial action to comply with the law.

To curb unlawful activities in the waste tyre industry, the EPA intends to lower the licensing threshold for the storage and processing of waste tyres so that it will regulate more sites rather than local councils. This will involve introducing tracking requirements on the movement of large quantities of waste tyres within NSW to ensure they are being sent to lawful facilities.

Load-based licensing

The EPA commenced a review of its load-based licensing scheme during 2013–14. The review looked at the characteristics of successful schemes and emerging trends in the use of emission fees. In Australia, only NSW, Western Australia and South Australia have a load-based incentive component to their licence fees, while in OECD countries pollution charging schemes are relatively common. The EPA also surveyed load-based licence holders and overall the respondents thought that the scheme was an appropriate way to deal with emissions and encourage their reduction. The review is ongoing.

Orica Mercury Independent Review

In response to concerns raised by community representatives, the EPA is undertaking an [independent review](#) of the environmental and health impacts from historic mercury emissions from Orica's former chlor-alkali plant at Matraville. The Orica Mercury Independent Review Steering Panel was established to provide an opportunity for community involvement and provide expert advice to inform and oversee the review. The panel includes representatives from the EPA, NSW Ministry of Health, Office of Environment and Heritage, Botany Bay and Randwick Councils, independent health and chemical experts, and community members.

In December 2013, the EPA announced the [findings of stage one](#) of the review, conducted by independent experts CDM Smith Australia. These found that the risk of off-site soil contamination around Botany Industrial Park is low and that there is no evidence of illegal off-site dumping of mercury waste from the chlor-alkali plant that operated at Botany between 1944 and 2002. However to provide additional reassurance to the community, CDM Smith has recommended a program of environmental testing and the EPA has commenced the process for undertaking this.

Other regulatory matters

Regulatory framework

The EPA's regulatory framework encompasses legislation, policy, procedures, licensing, economic incentives, awareness-raising, education, publicly available information, and compliance and enforcement action. The EPA undertakes a responsive and evidence-based approach to these regulatory functions.

The EPA provides leadership in strengthening legislative frameworks and regulatory programs. In 2013–14, major legislative reforms were introduced or commenced to strengthen the EPA's regulatory capacity, including an increase in penalties for waste offences, the introduction of custodial sentences for repeat waste-related offenders and proposed reforms to hazardous chemicals and pesticides legislation.

In addition to prosecutions, the EPA uses a broad suite of regulatory tools to support better environmental outcomes, including restorative justice approaches, such as enforceable undertakings and environmental service orders. In 2013–14, the EPA agreed to three enforceable undertakings involving environmental rehabilitation actions and community education programs.

Audit program

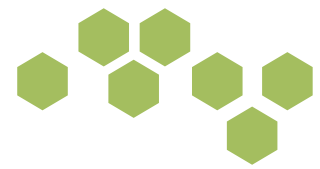
Target areas for the 2013–14 hazardous substances compliance and audit program included pesticide use by mushroom growers and Local Land Services, compliance with disposal approvals for radioactive sources and joint dangerous goods compliance campaigns with the NSW Police and/or Roads and Maritime Services on the Barton and Newell Highways and Mona Vale Road.

Following its identification of issues with landfill management standards in far western NSW, the EPA surveyed and gathered information about waste practices across 219 landfills in 26 local council areas. The EPA audited 150 sites and worked with regional waste groups and councils to identify common issues and implement improvements. The audits identified that many of the unlicensed landfills were unsupervised, did not control access and were not being covered. Without controls, these sites can pose major health and environmental risks and create a significant financial legacy. A report on the project will be released in 2014–15, and the EPA will work with waste groups to consider regional waste strategies and individual councils to develop local projects.

Recommendations for improving EPA performance

The EPA Board recommends that the EPA act on the following issues in 2014–15:

- Implement a performance monitoring and assessment framework, including comparative assessment of other Australian jurisdictions and for industry outcomes
- Continue with the implementation of risk-based licensing from 1 July 2014, including risk assessments of each premises-based environment protection licence holder and preparing to determine environmental management categories and overall risk levels for each of the over 2000 premises-based licences from 1 July 2015
- Prioritise the implementation of its ICT Strategy to further enhance achievement as an exemplar organisation
- Use cost recovery principles to fund additional resourcing to reduce the backlog in assessing notified contaminated sites identified in the Auditor-General's Report
- Implement legislative amendment and develop guidelines in association with the Land and Environment Court for restorative justice to support the EPA's regulatory approach, including encouraging corporate social responsibility practices
- Keeping at the front of the environmental issues and community perceptions regarding coal seam gas
- Continue on-time and on-budget delivery of *Waste Less, Recycle More* programs
- Improve delivery of stakeholder engagement initiatives to better inform business and the community
- Target training opportunities to address any deficiencies in EPA core capabilities, including incident management, gathering evidence, investigations, policy development, leadership and management
- Continue to proactively strategise with the EPA Board to ensure that the EPA is at the forefront of emerging major environmental issues.



Our performance

EPA Strategic Plan

In 2014, the EPA revised its rolling strategic plan to become [EPA Strategic Plan 2014–17](#). This is the latest revision of the plan with a full review due in 2016.

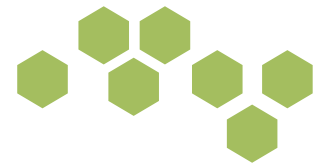
As well as our vision and purpose, Strategic Plan 2014–17 summarises:

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

EPA Strategic Plan 2014–17 defines the EPA’s role and the strategies it is committed to implementing to achieve environmental outcomes for NSW. The plan’s Key Result Areas (KRAs) are aligned with the NSW Government’s goals under [NSW 2021: A plan to make NSW number one](#) and reflect the importance of the EPA’s relationship with government, business and the community.

Strategic KRAs and linkages to NSW 2021

| Key Result Area | Alignment with NSW 2021 |
|----------------------------------|---|
| Informed planning decisions | Goal 29: Restore confidence and integrity in the planning system |
| Improved environmental outcomes | Goal 11: Keep people healthy and out of hospital Goal 21: Secure potable water supplies Goal 22: Protect our natural environment Goal 23: Increase opportunities for people to look after their own neighbourhoods and environments |
| Innovative waste management | Goal 22: Protect our natural environment Goal 23: Increase opportunities for people to look after their own neighbourhoods and environments |
| Responsive incident management | Goal 22: Protect our natural environment Goal 28: Ensure NSW is ready to deal with major emergencies and natural disasters |
| Effective stakeholder engagement | Goal 23: Increase opportunities for people to look after their own neighbourhoods and environments Goal 31: Increase government transparency by increasing access to government information Goal 32: Involve the community in decision-making on government policy, services and projects |
| Exemplar organisation | Goal 4: Increase the competitiveness of doing business in NSW Goal 30: Restore trust in state and local government as a service provider |



Summary of operations

Key Result Area 1: Informed planning decisions

Selected key achievements

- Ongoing work with the Department of Planning and Environment to inform the development of strategic planning instruments
- Input provided as required to strategic planning processes to ensure air and water quality, noise and waste issues are thoroughly considered in strategic planning and development assessment processes
- EPA and Department of Planning and Environment agreement on a specification for the lining of tailing dams which will enable protection of the environment

Details of other achievements this year follow ...

Strategic planning instruments that address environment protection issues

Illawarra Regional Growth Plan

In late 2013, the NSW Department of Planning and Environment (DP&E) released a discussion paper, [*The Illawarra over the next 20 years*](#). This sought the community's views on strategies and actions to provide housing and employment, manage natural resources and achieve balanced growth in the Illawarra over future decades.

The EPA commented on the discussion paper to help inform development of a growth plan for the region that would underpin a new planning framework for the local government areas of Wollongong, Shellharbour, Kiama and Shoalhaven. The proposed regional growth plan will be one of the first for NSW and is providing a road test for a new planning reform process by DP&E. The EPA recommended environmental outcomes that the growth plan should achieve in relation to the issues it regulates, including air and water quality, noise, waste and management of contaminated land.

The EPA paid particular attention to how air quality could be maintained or improved by the growth plan with reference to the [*National Environment Protection \(Ambient Air Quality\) Measure*](#) and appropriate local strategies to ensure air emissions do not adversely impact human health, the environment and community amenity.

The EPA has also engaged with the Office of Environment and Heritage and Wollongong City Council on a risk-based decision-making framework for considering water quality outcomes in strategic planning. The framework uses [*NSW Water Quality Objectives*](#) and ecological condition indicators from [*NSW Monitoring, Evaluation and Reporting*](#) as well as contemporary modelling to arrive at outcomes that incorporate a consideration of environmental risk. The aim is to provide an evidence-based link between land use, waterway health outcomes and the community's uses and values of natural assets, such as rivers and estuaries.

Broader Western Sydney Employment Area Draft Structure Plan

In mid-2013, DP&E placed on public exhibition a draft structure plan for the [*Broader Western Sydney Employment Area*](#) (WSEA). The draft plan covers a land area of approximately 10,690 hectares, taking in portions of the local government areas of Blacktown, Fairfield, Liverpool and Penrith. It also includes Commonwealth-owned land at Badgerys Creek, recently identified as the site for Sydney's second airport, and parts of the South West Growth Centre and Western Sydney Employment Area at Eastern Creek, which has recently been developed.

The draft plan outlined a broad framework for business development in the area, including the location of future employment land and centres, a road network, potential freight and transport (road/rail) corridors, intermodal freight terminals and staged development scenarios. The outcome of the structure plan process will be development of a state environmental planning policy (SEPP) and then a development control plan (DCP) to inform future precinct planning.

The EPA provided comprehensive comments on the draft plan during its public exhibition and recommended environmental outcomes from the proposed SEPP and DCP. These related to air quality, waterway and stormwater management, noise impacts, and waste and contaminated land management. The EPA considers that its recommended outcomes will underpin and guide the future development of the WSEA.

Development of the WSEA reflects the goals and priorities identified in [NSW 2021: A plan to make NSW number one](#). Furthermore, it is identified as one of nine key 'city shaping projects' critical to Sydney's growth within the [Draft Metropolitan Strategy for Sydney](#). If the Broader WSEA Structure Plan is approved, the area is expected to attract a range of employment-generating activities, including freight and logistics, and act as a hub for businesses, such as advanced manufacturing, agribusiness and food technology. The EPA will continue to liaise with DP&E during development of the structure plan, SEPP and DCP.

Decision-makers informed about the environmental impacts of development

Port Kembla Copper stack demolition

Demolition of the 200-metre Port Kembla Copper (PKC) stack in February 2014 was a unique and highly specialised activity, with its close proximity to residential areas demanding a high level of safety. Built in the mid-1960s, the stack was one of the last major items to be demolished following closure of the smelter in 2003.

PKC was required to prepare a Stack Demolition Management Plan to the satisfaction of DP&E. Given the complexities of the project and level of community concern, DP&E led an interagency working group to ensure all relevant documentation required under the project approval was prepared in a coordinated manner. The EPA was a member of this group, together with WorkCover NSW, Wollongong City Council, NSW Police and NSW Health.

The EPA provided detailed guidance and advice to PKC and the working group on the preparation of the demolition management plan, including characterisation of stack construction materials, dust management controls, environmental monitoring and protocols for community notification and clean-up. The EPA further assisted in keeping the community informed as a regular attendee of the Port Kembla Pollution Meeting Group and Port Kembla Copper Community Liaison Group. The EPA also tested stack construction materials prior to demolition and carried out extensive air quality, noise and vibration monitoring within the community on the day of the felling. A [summary](#) of these results is available on the EPA website.

The demolition resulted in a large, but short-lived, dust cloud beyond the boundary of the premises and a small number of properties experienced dust fallout. PKC honoured its commitment to clean up properties in line with agreed protocols.

While DP&E was the lead agency responsible for approving the stack demolition, the EPA regulated the premises under an environment protection licence. The EPA continues to regulate PKC's activities, including the management of the stack demolition waste and water discharges.

Wentworth Point development

DP&E regularly seeks the EPA's advice on the environmental impacts of major development proposals. The Wentworth Point Development on Homebush Bay in Sydney is a 'state significant development' proposal involving construction of residential and commercial buildings on reclaimed industrial land in Burroway Road, immediately adjacent to Sydney Olympic Park. In February 2014, DP&E invited the EPA to review its draft Director-General's Environmental Assessment Requirements for the preparation of an environmental impact statement on the proposal.

The EPA provided advice and recommendations to DP&E on the key environmental issues for the proposal, including:

- management of soils and stormwater
- potential for land and water contamination
- assessment and management of acid sulfate soils
- noise and vibration impacts, including on adjoining land uses
- air quality impacts during construction
- excavation
- water quality impacts
- waste management
- environmental licensing requirements under NSW legislation.

The EPA's advice helped to ensure that any decisions made by DP&E on the proposal were well-informed and based on an understanding of the potential environmental impacts of the development. Interactions with consent authorities of this sort by the EPA are essential to ensure timely and cost-effective outcomes that will benefit workers and future residents at a site with such a long and complex contamination history.

Environmental impacts of Dubbo Zirconia

The Dubbo Zirconia Project is a proposed open-cut mine on a greenfield site approximately 25 kilometres south of Dubbo. The project proposes to mine zirconia, yttrium, niobium and other rare earth resources with a projected life of up to 80 years.

Throughout the planning and assessment process, the EPA has provided advice to DP&E on potential environmental impacts associated with the project. The EPA also advised DP&E on recommended conditions of consent to make sure impacts are minimised, managed and mitigated and the project operates in an environmentally satisfactory manner. The EPA's assessment and recommended conditions of consent focused on the potential of the project to cause water, air quality and noise impacts. The EPA also advised on the management of waste and hazardous materials as part of the development.

DP&E is currently formulating draft conditions of consent which the EPA will review and comment on to ensure environmental impacts are mitigated. The project will require an environment protection licence to undertake construction works and commence mining activities. This licence, granted by the EPA, will include strict conditions in relation to managing activities to prevent pollution and environmental harm.

Key Result Area 2: Improved environmental outcomes

Selected key achievements

- 39 contaminated sites assessed, with seven deemed significantly contaminated and EPA facilitation of the remediation of nine sites
- EPA-led review of the particle standards in the [*National Environment Protection \(Ambient Air Quality\) Measure*](#)
- Investigation of leaking coal seam gas ponds in the Pilliga leads to a fine and pollution reduction program to rehabilitate the site
- Statewide review of coal seam gas activities helps inform the EPA's new role to regulate potential environmental and health impacts from the industry
- Compliance audit of AGL's Rosalind Park gas plant results in improved environmental performance through EPA regulatory activities
- Noisy vehicle owners receive 690 advisory letters calling for vehicle checks, with 1710 vehicle inspection notices and 1247 defective vehicle notices also issued

Details of other achievements this year follow ...

Water, air and land protected from harmful pollution

Camden Haven sewage treatment system upgrades

The Camden Haven River is an oyster-growing area on the mid-north coast which has been serviced by an outdated sewage treatment plant (STP). To improve protection of the sensitive environment of the river and local beaches, the EPA reached an agreement that the licensee for the STP would implement three pollution reduction programs (PRPs).

One PRP involved upgrading the STP to a state-of-the-art membrane bioreactor plant at a cost of \$18 million. Another problem area was a major sewer pumping station on the banks of the Camden Haven River with a history of discharges directly to oyster-growing areas, often closing the estuary to harvesting. Two further PRPs required investigations and then action to upgrade the pumping station so that all future discharges would be confined to very heavy rainfall events. All works are expected to be completed by 31 October 2014.

Managing particles and improving air quality in NSW

Reducing particle pollution is a priority for the EPA, based on evidence that:

- some parts of urban and regional NSW experience particle pollution which is harmful to health
- feasible, cost-effective actions are available to governments, industry and the community to reduce particle emissions
- reducing particle pollution will bring substantial health and economic gains for NSW communities.

In December 2013, the EPA released [*Managing particles and improving air quality in NSW*](#) which outlines:

- the principles the EPA applies in managing particles
- the evidence base for EPA management of particles, including the NSW [*Air Emissions Inventory*](#), particle characterisation studies and health research
- a funded set of actions the EPA is implementing to reduce particle emissions, targeted to priority locations and sources to achieve the greatest public health benefit.

The document included case studies on major EPA particle reduction programs already underway including:

- the [Dust Stop](#) program which is requiring open-cut coalmines, as the largest human-made source of particles in NSW, to improve their dust control measures in line with best practice
- a survey and analysis of non-road mobile diesel equipment in the state's 64 open-cut coalmines in preparation for taking action to reduce their diesel emissions
- wood smoke reduction initiatives, including:
 - development of a proposed new regulatory framework
 - a three-year, \$1.3-million [Wood Smoke Reduction Program](#) with \$900,000 in grants awarded in February 2014 to 17 councils and four regional organisations of councils for community education, smoky chimney enforcement and rebates to replace older polluting heaters with cleaner alternatives.

In response to growing concern in international and NSW communities about diesel emissions, the EPA released a [background paper](#) on emissions and their management in June 2014. The EPA also held a workshop with around 120 stakeholders and committed to completing a diesel emissions management strategy for NSW by the end of 2014. Priority sectors for the strategy are identified as shipping, locomotives and EPA-licensed industries, including coalmines.

The NSW EPA also continued to lead the review of national particle standards and encourage consideration of shipping emissions under the proposed National Clean Air Agreement, announced by the Commonwealth Minister for the Environment in April 2014.

Impact on the community of offensive noise, odour and dust minimised

Increased regulation of biosolids operations

Biosolids are the solid organic by-product from the treatment of sewage at municipal treatment plants. They are predominantly reused as a soil conditioner on agricultural land due to their high organic and nutrient content, rather than being unsustainably disposed of elsewhere, such as to landfill or deep ocean outfalls. However, biosolids contain odorous compounds that can affect community amenity when they are not managed correctly.

In 2013–14, following a series of complaints, the EPA conducted odour surveys, compliance inspections and targeted audits focusing on the storage and land application of biosolids across the local government areas of Cowra, Forbes and Weddin. The purpose of this program was to determine compliance with [Biosolids Exemption 2008](#) and [Environmental Guidelines: Use and disposal of biosolids products](#) and also to identify any opportunities for improvement.

The program found that improvements were required to the storage, spreading and incorporation of biosolids by contractors. These findings were provided to the contractors, with the EPA monitoring subsequent operations to ensure compliance. Improved practices have led to a reduction in the odour generated and thus fewer complaints.

The EPA is also driving improvement in ongoing discussions with Sydney Water, the main producer of biosolids in NSW, to ensure that they are of a uniform and consistent quality, as far as is practicable, and help reduce the generation of odour and impacts on the community.

Valla Quarry noise management initiatives

Valla Quarry was approved by the Land and Environment Court in 2001 with noise emission limits that were never likely to be achieved by the quarry.

After sale of the quarry, production increased and the EPA began to receive ongoing complaints about noise and dust from a number of affected residents. Multiple pollution reduction programs were issued to the licensee, Quarry Solutions Pty Ltd, requiring implementation of a range of noise mitigation measures in an attempt to achieve the noise limits imposed in the initial Court approval. However noise complaints continued after all feasible and reasonable noise mitigation measures had been implemented and these were confirmed by EPA monitoring at several affected residential properties.

The EPA advised Quarry Solutions that continued operation above the noise limits without the agreement of the affected residents was not acceptable. The company engaged consultants to negotiate with affected residents to reach agreements consistent with the requirements of the [NSW Industrial Noise Policy](#).

In January 2014, agreements were reached with the owners/occupiers of three properties to accept noise levels higher than those set by the Land and Environment Court. A further two properties were purchased by the quarry operators as a result of these negotiations. The company has now entered into agreements that satisfy the needs of affected residents while also allowing the quarry's continued operation as a major supplier to the Pacific Highway upgrade underway in the area.

Reducing the noise impacts of motor vehicle exhausts

Surveys undertaken by the NSW Government indicate that almost half of the people in the state regard road traffic noise as a problem in their neighbourhood. Traffic noise includes noise from vehicle exhaust systems.

The operators and owners of motor vehicles are responsible for ensuring that noise from their vehicles is kept within legal limits. The [Protection of the Environment Operations \(Noise Control\) Regulation 2008](#) aims to prevent excessive noise levels from vehicles as a result of poor maintenance or illegal modifications by setting the maximum allowable noise levels from various vehicle types, including light and heavy vehicles and motorcycles.

To help reduce the impacts of noisy vehicles on the community, EPA officers provide support to NSW Police at operations that target anti-social behaviour, including the use of modified (and noisy) vehicles. During 10 operations this financial year, EPA officers issued 165 penalty notices to drivers of vehicles who were found to be operating vehicles that emitted exhaust noise above the legal limit.

As part of its [Noise Testing and Anti-tampering Inspection Scheme](#), the EPA issued 1247 defective vehicle notices to owners, requiring them to rectify exhaust noise so that their vehicles comply with the required noise limits. The EPA also suspended 447 vehicle registrations because the owners failed to demonstrate that their vehicles complied with exhaust noise limits. These and other initiatives help reduce the number of noisy non-compliant vehicles being used on NSW roads.

Dust control at West Cliff coalmine, Bulli

The Bulli Seam Operations Project undertaken by BHP Billiton (Illawarra Coal) is an extensive underground coalmining complex, supplying mainly black coal for the steel industry and some thermal coal for burning and heating. Under the terms of a pollution reduction program (PRP), the company prepared and submitted a report for its West Cliff mine that identified stockpiles, haul roads and the transfer of coal as the main sources of particle emissions (PM₁₀ and PM_{2.5}). The report recommended a range of measures to minimise dust including:

- predictive forecasting of local adverse weather conditions

- retrofitting of two tankers with water cannons to spray stockpiles and coal-loading areas during adverse weather conditions
- resurfacing of haul roads with stabilised coal waste material.

The EPA has required implementation of these recommendations under the terms of an additional PRP. This is expected to be completed by January 2015 at an estimated cost of over \$300,000 and reduce fine particle dust emissions from these sources by approximately 50%.

Reduced risks from hazardous sources, including radiation, pesticides and chemicals

Roadside dangerous goods compliance campaign

Common products, such as petrol, paints, solvents, chemicals, batteries, aerosols, gas bottles and a multitude of others, are classified as 'dangerous goods' due to physical, chemical or other properties that pose a risk to human and environmental health and safety. In NSW and across Australia, dangerous goods are commonly transported by heavy vehicles on major routes. Roadside compliance campaigns are an effective tool used by the EPA to stop and inspect heavy vehicles and enforce dangerous goods transport legislation.

During October 2013, the EPA undertook a roadside dangerous goods compliance campaign at Daroobalgie on the Newell Highway between Parkes and Forbes with the assistance of Roads and Maritime Services and the NSW Police. The EPA stopped and inspected 720 heavy vehicles during the campaign. Of these, 89 were identified as transporting dangerous goods and 45% of them were found to be non-compliant with various aspects of the transport legislation. As a result, the EPA issued the persons or companies responsible for the non-compliances with 17 improvement notices to rectify serious breaches, 35 penalty infringement notices and 30 official cautions.

Roadside dangerous goods compliance campaigns by the EPA including this one have seen a general improvement in compliance rates, although overall compliance remains generally poor. Ongoing campaigns, combined with other approaches, will aim to achieve continuing improvement in compliance rates and an associated reduction in risk.

Pesticide initiatives

Insecticides, fungicides, herbicides and their like (commonly referred to as 'pesticides') are regularly applied to agricultural and other products destined for domestic or international consumption and markets. While applied to control nuisance pests, their use can leave residues behind.

The [National Residue Survey](#) by the Australian Department of Agriculture, Forestry and Fisheries aims to monitor and minimise chemical residues in agricultural produce. The survey can identify potential problems, including inappropriate use of chemicals which is referred to relevant state and territory agencies for investigation. In 2013–14, a number of maximum residue level (MRL) exceedences were detected for fungicides in canola seed originating from central-western NSW and this was referred to the NSW EPA.

Following investigations into the causes of the exceedences, the EPA identified that the transfer of seed from one point to another via equipment that was also used to treat seed and grain with pesticides was to blame. The EPA provided advice to relevant farmers, buyers and the Commonwealth department to ensure that seed, grain and other growers were aware of the common contamination causes and able to implement mitigation measures, thus avoiding future MRL exceedences and protecting consumers and Australia's exports.

Contaminated land restored for use by the community and business

Contaminated Land Management Program

Identifying, investigating and cleaning up contaminated land are important measures to protect human health and the environment. The [*Contaminated Land Management Act 1997*](#) (CLM Act) outlines the EPA's role in assessing contamination and supervising investigation, remediation and management of contaminated sites.

The Contaminated Land Management (CLM) Program was established by the NSW Environmental Trust in 2001 to provide financial assistance for the remediation of significant contamination. Funding was provided to help manage legacy sites which, without external funding, would see existing harm continue or worsen with delays to clean-up or potentially not occurring at all.

The CLM Program assists site owners to clean up areas of contamination on their properties which they did not cause and cannot afford to remediate. The program also assists investigation and remediation of council gaswork sites and includes a pilot for cleaning up derelict underground petroleum storage systems.

In 2013–14, the CLM Program facilitated financial assistance of \$1.1 million across seven local government areas in regional NSW.

A significant achievement in 2013–14 was the Environmental Trust's endorsement for a further \$6 million in funding for the EPA to operate the program. The EPA developed a new CLM Program Business Plan, which was approved at the trust's April 2014 meeting.

The expanded CLM Program will provide more direct assistance to regional local government areas through the:

- Regional Capacity Building Program, which will help regional local councils employ specialist technical staff to provide regional assistance and capacity building in CLM

- Regional Acceleration Program under which technical assistance will be available to the owners of regional CLM sites to collect the necessary environmental and geotechnical information to allow management of these sites under the CLM Act.

Narrabri waste transfer station improvement strategy

Narrabri Shire Council operates a network of landfills and waste transfer stations at eight different sites in Wee Waa, Pilliga, Gwabegar, Boggabri, Maules Creek, Baan Baa, Edgeroi and Bellata. These sites feed back into the council's central landfill west of Narrabri. Historically, the sites have been unsupervised and operated 24 hours a day, seven days a week. This meant that it was impossible to prevent uncontrolled dumping of any waste resulting in:

- large amounts of waste from unknown sources (anecdotally from areas outside the shire)
- increasing costs to manage, sort, transport and dispose of waste on-site or to move it to the central landfill at Narrabri for disposal
- increasing amounts of difficult-to-manage waste, such as large tyres
- contamination of stockpiles set aside for recycling and reuse
- dumping of hazardous and dangerous waste materials, such as asbestos and chemicals
- vandalism and inappropriate behaviour, including frequent lighting of fires
- disposal of material requiring extra sorting with increased management costs at sites without sorting facilities.

After site inspections and investigating increasing community complaints about poor waste management practices, the EPA began working with Narrabri Council to address the issues, starting with improved management of the council's central landfill.

The EPA provided clear advice to the council on how to responsibly protect the environment in and around its waste management facilities and encouraged it to develop and adopt a strategic waste management plan for landfills and transfer stations within Narrabri Shire.

The council focused staff resources on waste management and workshopped options before resolving in December 2013 to:

- trial operational controls, including restricting access hours and providing site supervision
- provide additional funds for a weighbridge at the shire's central landfill and clean-up and remediation of the satellite landfills and transfer stations
- install office amenities and security cameras at larger sites and security fencing and signs at all sites
- advertise the changes to the community.

In July 2014, following the success of its trial, Narrabri Council decided to invest further funds to permanently support improved waste management across the shire.

The success of Narrabri Council's overall improved waste management is demonstrated by a significant reduction in community complaints about waste. The EPA will continue to work with the council to encourage ongoing improvement in waste management and recycling, particularly in mining-related waste.

Impacts on the environment and human health from coal seam gas activities minimised

Coal seam gas regulation

In February 2013, the NSW EPA was appointed the lead regulator of environmental and health impacts from coal seam gas (CSG) activities in NSW with responsibility for compliance and enforcement. Prior to that, the EPA was the regulator for only one CSG operation in NSW. In the last three years, CSG operations have moved on to the assessment and production stage, resulting in an increase in community concern around the environmental impacts of CSG activities. All CSG operators who undertake exploration, assessment and production activities in NSW must now hold an environment protection licence issued by the EPA.

Eight environment protection licences for CSG activities were granted during 2013–14 and all are subject to strict conditions designed to protect local communities and the environment. They include:

- conditions for monitoring ground and surface waters and air emissions
- limiting activities, including noise emissions and hours of operation
- setting requirements for implementation of waste management and environmental controls
- requiring annual reporting on licences to the EPA.

The issuing of environment protection licences to CSG operators within NSW allows the EPA to better regulate the industry by monitoring and assessing potential impacts to human health and the environment. The licences also allow the EPA to identify and respond to any emerging adverse trends to prevent and minimise harm to the environment.

Since undertaking increased regulatory responsibilities for CSG, 18 site inspections by the EPA have resulted in regulatory action against a number of CSG operators, including the issuing of three penalty notices, an official caution and an enforceable undertaking.

Key Result Area 3: Innovative waste management

Selected key achievements

- Eighteen facilities established across NSW to support the recycling of expanded polystyrene with around 600 tonnes now being diverted from landfill a year
- [NSW Energy from Waste Policy Statement](#) released in March 2014, allowing purpose-built facilities to recover energy from waste that would otherwise end up in landfill
- Community recycling centres (CRCs) launched in Port Stephens and Lake Macquarie with 15,469 kilograms of household problem wastes collected in the first month
- Litter prevention grants for projects by local councils and community groups total \$2.7 million
- \$1.4 million in grants provided to local government, public land managers and charities during May and June 2014 to tackle illegal dumping
- 49% fall in the number of illegal dumping incidents involving 200 tonnes or more detected in Sydney, the Illawarra, Hunter and Central Coast over the year
- \$4.7 million in grants to help small-to-medium-sized businesses reduce waste and boost recycling and \$1.6 million for larger businesses to use industrial ecology projects to do the same

Details of other achievements this year follow ...

Waste generation reduced

Love Food, Hate Waste

The EPA's [Love Food, Hate Waste](#) aims to reduce the estimated \$1000 worth of food wasted by the average NSW household each year. The program works with partners who deliver community education projects which raise awareness about food waste and encourage behavioural changes. This helps householders and businesses save money, reduce their environmental impact and ultimately reduce the amount of 'good' food that is thrown away.

[Love Food, Hate Waste](#) now has over 200 program partners, with new partners including the Australian Red Cross Society and Lord Howe Island Board. In 2013–14, program achievements included:

- funding \$387,858 in education grants to 21 program partners, including councils and community groups, for such innovative projects as a mass event at St Mary's Cathedral Square for the [Youth Food Movement](#), a pop-up dinner by Parramatta City Council and Facebook competitions involving [1 Million Women](#) and the [Federation of Parents and Citizens Associations of NSW](#)

- \$10,000 in sponsorship for [OzHarvest](#) to hold its Feeding the 5000 event which saw over 5000 people converge on Martin Place to enjoy a meal made from produce which would otherwise have ended up in landfill
- hosting of a professional development seminar attended by 40 [Love Food, Hate Waste](#) partners
- over 65,000 hits to the program website in the past financial year and more than 14,000 page views on average per month
- distribution of quarterly newsletters to over 2000 'food lovers' (households).

A number of grant programs under the EPA's [Waste Less, Recycle More](#) initiative complement [Love Food, Hate Waste](#) and are delivered in partnership with the NSW Environmental Trust. [Love Food, Hate Waste \(Food Waste Avoidance Education\)](#) provides grants of up to \$70,000 to program partners. The [Organics Infrastructure \(Large and Small\) Program](#) also offers grants to establish new and enhanced infrastructure to process food and garden organics waste from households and businesses. The [Local Government Organics Collection Systems Program](#) has provided \$6.5 million to 21 local councils to establish new or enhanced kerbside organics collections, including a

requirement that all successful grantees include food waste avoidance education as part of their projects.

Recycling increased

Regional glass crushing infrastructure grants

Glass is one of the most widely used forms of packaging in Australia and significant infrastructure is already in place for its collection and recycling. However, despite this:

- only 47% of Australian glass on average was recycled in 2010
- over 40,000 tonnes of glass a year remains in the general NSW waste stream
- transport of recovered glass from regional areas to primary markets is expensive relative to its sale price and this discourages recycling
- anywhere between 20% and 60% of glass is rejected from material recovery facilities as unsuitable for bottle-to-bottle recycling.

In partnership with the [Australian Packaging Covenant](#), the EPA has funded a grants program aimed at increasing the recovery of glass from the general waste stream in regional NSW by funding and supporting appropriate recycling infrastructure.

Four grants for the construction of glass-crushing facilities adjacent to regional materials recovery facilities were awarded to:

- SITA Environmental Solutions in Moruya
- Kurrajong Recycling in Wagga Wagga
- Shoalhaven Recycling
- Challenge Recycling in Tamworth.

The grants were further supported by the development of technical, work health and safety and environmental standards for the use of crushed glass (< 6 millimetres) in civil works.

All facilities have been constructed and were operational by June 2014. As a result of the project, the objective of 9000 additional tonnes of glass being recycled has been exceeded. The project has also increased opportunities in regional NSW for the purchase and sale of recycled glass.

More waste diverted from landfill

New resource recovery initiatives: waste glycerine

Throughout 2013–14, the EPA's resource recovery initiatives have resulted in an additional 500,000 tonnes of waste being diverted from landfill. The EPA used its [resource recovery exemption](#) mechanism to work closely with industry to develop innovative solutions to problem wastes. One such example was its collaboration with Biodiesel Industries Australia (BIA).

Every year BIA produces approximately 2000 tonnes of waste glycerine, which is a by-product of the production of biodiesel with a thick, syrupy consistency. Glycerine is used in the manufacture of products such as soaps and detergents and is an ingredient in consumer products like pharmaceuticals and cosmetics. Reuse options for waste glycerine are limited as it contains a number of impurities.

In 2013–14, BIA trialled the use of 2% waste glycerine mixed with water as a means of reducing airborne dust on haul roads at Rixs Creek coalmine in the Hunter Valley. The trial proved successful with the glycerine binding well to the soil particles and it is expected that up to 1500 tonnes of glycerine can be beneficially used for dust suppression each year.

In addition to the coalmines trial, the EPA also partnered with Sydney Water to explore the use of 600 kilolitres of waste glycerine as a digestion aid at its Bondi wastewater treatment plant. In pilot trials, the waste glycerine proved to be a great food source for the bugs in the digesters, significantly improving the digestion process by increasing biogas production (to be later used for energy production) and reducing the biosolids produced. Following the success of the trial, Sydney Water is looking to implement the program in a number of its other plants.

Problem wastes managed better

Household problem waste initiatives

A wide range of potentially hazardous products are available for domestic household use, including paints, oils, gas cylinders and common garden chemicals. The safe and environmentally responsible disposal of leftover and unwanted items of this nature is a problem in many households as these wastes can require special treatment and processing and must not be placed in kerbside bins.

Recognising this problem, the EPA committed \$70 million to establish community recycling centres and continue the mobile collections for the [Household Chemical CleanOut](#) program. Together, these programs make it easier for NSW households to safely and correctly dispose of their problem wastes.

In 2013–14, the EPA enhanced its program for the collection of household problem wastes with:

- 64 Household Chemical CleanOut events in the Sydney Metropolitan, Illawarra, Central Coast and Hunter regions
- over 40,400 households taking part in the correct disposal of their problem waste
- more than 1.59 million kilograms of hazardous materials dropped off for recycling or safe disposal
- additional events held to help with the clean-up after the October 2013 bushfires in the Blue Mountains
- funding support for voluntary regional waste groups of councils enabling 59 Chemical CleanOut events to be held for households in rural areas in regional NSW and 145,000 kilograms of materials collected for recycling or safe disposal
- 294 council representatives attending seven workshops across the state in November 2013 to inform Round 1 of the Community Recycling Centres Program and available infrastructure grants.

The response rate in the Household Chemical CleanOut program and community participation continues to grow each year. In 2013–14, wastes collected increased 28% and attendance at the urban program, which covers Sydney, the Illawarra and Hunter–Central Coast, grew 29%.

In addition to running the CleanOut events, the EPA began implementing the [Community Recycling Centres Program](#) with \$597,500 in *Waste Less, Recycle More* funding for three councils to build demonstration centres. Experience from the operation of these centres was used to support a program to roll out grants totalling \$4.58 million to establish 36 more community recycling centres across NSW.

These initiatives have made it easier for residents to responsibly dispose of common problem wastes all year round. By providing convenient, accessible services, the EPA is increasing the community's capacity to capture and reuse recyclable material and prevent valuable resources from going to landfill. As the program advances, the EPA also expects to see a reduction in the incidence of illegal dumping of problem wastes.

Litter reduced

Hey Tosser! litter prevention program

A goal in [NSW 2021: A plan to make NSW number one](#) is for NSW to become the least littered state per capita by 2016, a 40% reduction in the number of littered items at the time the goal was set. To achieve this, the Government committed \$20 million to revitalise anti-litter efforts under the broader [Waste Less, Recycle More](#) initiative.

Launch of the EPA's [Hey Tosser!](#) litter prevention campaign marked the start of a major push to change the way NSW residents think about litter. The campaign was rolled out from April–June 2014 through press advertisements, posters, online banners and funding for councils to deliver anti-littering projects and promote the message at a local level.

[Hey Tosser!](#) is based on NSW research in 2012 which found that most people believe littering is unacceptable and littering is more likely to occur if people think no-one is watching. [Hey Tosser!](#) helps to raise awareness that littering is wrong and gives witnesses who view this behaviour a voice.

Members of the public are able to report littering from vehicles and let litterers know that they are being watched by:

- calling the 24-hour EPA Environment Line on 131 555

- making a report via an EPA mobile app
- submitting a report on litter through the [EPA website](#).

In 2013–14, the EPA approved \$2.7 million in grant funding to local government to tackle litter hot spots and implement local litter prevention programs. Councils are installing new and better litter bins, increasing their enforcement, cleaning sites and educating communities using *Hey Tosser!* materials. Funding for these projects enables targeted local campaigns which are reinforced by a high-profile statewide awareness-raising campaign.

Post-campaign research indicated that *Hey Tosser!* has begun to make an impact on attitudes to litter and litterers and pointed out further opportunities to drive behaviour change through the campaign in 2014–15.

Illegal dumping reduced

New regional illegal dumping squad

To address the challenges of illegal dumping, the EPA has partnered with councils to form regional illegal dumping (RID) squads. The RID squads bring groups of local councils together to work on tackling illegal dumping in their local areas, a model which has proved effective in dealing with these incidents.

In May 2014, the Minister for the Environment launched the Inner West RID Squad with Bankstown, Strathfield, Canterbury, Canada Bay, Ashfield and Auburn councils working in partnership with the EPA. The new RID squad uses a host of tools to combat illegal dumping and is piloting CCTV monitoring of well-known dumping hot spots.

The EPA supports the new squad with funding, training and joint campaign work, along with the Western Sydney RID Squad, Southern Councils Group RID Program and the ACT–NSW cross-border dumping program. In 2013–14:

- The ACT–NSW cross-border dumping program launched an aerial surveillance operation to identify significant hot spots for illegal dumping of waste. This was part of the program's objective to stop illegal dumping in the region.

- The Western Sydney RID Squad investigated 2791 illegal dumping incidents, resulting in 39 clean-up notices and 178 penalty notices with a total value of \$280,135.
- The EPA and Hunter–Central Coast concluded negotiations to establish a RID squad in the region and this will commence operations in 2014–15.

The work carried out under the RID programs builds the capacity of local councils to take action against dumping when it occurs and supports innovative local and tailored approaches to tackling the problem. Ultimately, the programs help to deter illegal dumpers by increasing their risk of being caught.

Enforcement and education campaign to target unlawful waste tyre activities

In November and December 2013, EPA officers conducted an enforcement and education campaign targeting the tyre retail industry. This involved collaborative site inspections at tyre retailer outlets across Sydney Metropolitan areas, Newcastle, Wollongong and Coffs Harbour, as well as a small number of retailers in the Blue Mountains and Goulburn.

EPA officers conducted a total of 285 inspections over a three-week period, successfully identifying what happens to waste tyres from the tyre retail industry, the transporters used and the facilities used to store, recycle and dispose of tyres. The campaign identified a number of transporters and facilities that are presently the subject of follow-up enforcement action.

The campaign also delivered key compliance messages to the tyre retail industry about their legal responsibilities in relation to the transport and disposal of waste tyres and looked to build on the work accomplished in previous campaigns.

At the First Tyre Summit in November 2013, the Minister for the Environment announced the licensing threshold for the storage of waste tyres would be reduced from 5000 waste tyres (weighing 50 tonnes) to 500 tyres (5 tonnes).

Key Result Area 4: Responsive incident management

Selected key achievements

- EPA audit of industry showed all licensees have prepared pollution incident response management plans with a high level of compliance
- Participation in 12 multi-agency emergency management exercises, including marine oil, crop dust and chemical spills
- Collaboration with other agencies ensures environmental harm is minimised from a major fuel transport vehicle accident at Mona Vale
- An official caution for a Port Kembla metal manufacturer, requiring extensive upgrades and enhanced monitoring and reporting, following a breach of licence limits for dioxins
- Strong regulatory approach with pollution reduction programs for discharges of coalmine water in the Southern Coalfields requiring regular reporting on improvements for discharges to Brennans Creek and additional water monitoring requirements for Berrima Colliery

Details of other achievements this year follow ...

Seamless collaboration with emergency services and partner agencies

Belmore Basin sewage seep

In January 2014, the EPA attended a sewage seep at Belmore Basin in Wollongong. The land manager, Crown Lands, investigated the cause of the seep in consultation with the EPA, Sydney Water, NSW Health and Wollongong City Council. Despite extensive investigations and sewer repair works, the exact source of the discharge proved elusive with a small sewage seep continuing from a seawall into Belmore Basin for several weeks.

During the seep, the EPA monitored water quality on a daily basis at seven locations in Belmore Basin. The samples were analysed for faecal coliforms, enterococci and ammonia. The EPA's [sample results](#) showed that the effect on water quality was localised and adjacent to the seawall where the sewage seep was occurring. As a precaution, the southern area of Belmore Basin was closed to recreational uses.

An interagency working group comprising Crown Lands, Sydney Water, the EPA, NSW Health and Wollongong Council was established to discuss sewer investigations, repair works, sample results and information to the public through media releases and website updates. The incident attracted local media attention and was closely managed

to allow an annual charity fundraising swimming event to be safely run at the beach during this period.

The sewage seep stopped in early February 2014, following repairs to a pumping station and sewer pipelines servicing the Fishermens Co-op Building. To ensure the effectiveness of the repairs, the EPA and Wollongong Council continued to monitor water quality at a number of the sample sites for a short period.

The EPA is conducting further investigations to better understand the cause of the incident and the measures necessary to prevent a recurrence.

Minimise environmental harm from incidents

Lessons learnt from incident management

As the lead agency for the environmental services functional area in the NSW emergency management arrangements, the EPA attends those incidents that involve actual or potential harm to the environment. In doing this, the EPA provides support to the relevant combat agency, such as Fire and Rescue NSW, the Rural Fire Service and NSW Police. The EPA's primary roles are to coordinate the protection of the environment, minimise environmental harm and facilitate environmental recovery.

In order to continually improve environmental outcomes from managing hazardous incidents, the EPA systematically debriefs its involvement in incidents, examining what went well, what did not and what could be improved. Recommendations arising from debriefs are then worked through in consultation with internal and external stakeholders, particularly the EPA's frontline operations staff. The lessons learned form the basis of improvements to systems, procedures, training and equipment to improve the capability of EPA staff for managing future incidents.

In 2013–14, the EPA conducted 13 internal debriefs, two multi-agency debriefs and participated in a further three multi-agency debriefs. These debriefs resulted in 90 recommendations for improvements to incident response and recovery, which covered the areas of:

- early multi-agency conferencing and a holistic and consistent approach to incident management
- improved training and tools for EPA staff in incident management, response and recovery
- improved planning for contingencies and staff work health and safety issues during incident management.

At 30 June 2014, action had been taken on 68% of these recommendations. This is in addition to completion of 98% of the 94 recommendations from 2012–13. Key improvements made by the EPA include:

- distribution of 75 tablet computers to frontline staff through the Mobile Workforce Program
- development of training for incident coordinators and environmental services commanders, including specific response tools
- strengthening of relationships with emergency services through participation in 12 multi-agency exercises
- development of remote and after-hours tele-conferencing capabilities for early conferencing during incidents.

These initiatives will help improve the EPA's capabilities and consistency with respect to incident management, minimising environmental harm and recovery costs, and meeting community expectations. The EPA is continuing to become more integrated into the state's emergency management arrangements, resulting in other agencies increasingly relying on the agency's knowledge and expertise in environment protection.

Berkshire Park fire response

On 7 September 2013, the EPA was notified of a fire at a farm in Berkshire Park, Sydney. The NSW Rural Fire Service (RFS) provided the initial response to the fire with the EPA giving advice remotely to the RFS. As the fire continued to burn, the NSW Fire and Rescue HAZMAT unit attended the site.

On 8 September, HAZMAT notified the EPA that a storage shed involved in the fire at the farm contained 1600 litres of *Vapam*[®], a fumigant that is toxic to mammals, birds, aquatic invertebrates and fish. If mixed with water, *Vapam*[®] releases hydrogen sulfide and methyl isothiocyanate, compounds that are highly toxic to humans and aquatic organisms. When alight, *Vapam*[®] can release other toxic gases, including nitrogen oxides, carbon disulfide and monomethylamine.

The EPA attended the site immediately upon receiving the notification from HAZMAT and provided on-site assistance and advice to formulate a strategy to combat the fire. The EPA directed the landowner to dam and flood-irrigate the toxic firewater to land to prevent it entering nearby South Creek. The directions issued included a requirement to continue to monitor and maintain the level of liquid in the dam.

The EPA's advice and actions:

- helped prevent potentially significant damage to South Creek
- avoided potentially significant clean-up costs for the landowner
- reduced the human health risks posed by the release of toxic gases.

As *Vapam*[®] is designed to be applied to soil, the environmental impacts from the land irrigation were manageable.

Key Result Area 5: Effective stakeholder engagement

Selected key achievements

- ◆ EPA Twitter account launched to enhance social media interactions with stakeholders
- ◆ First issue of quarterly EPA stakeholder newsletter – [*EPA Connect*](#)
- ◆ Study into the composition of dust deposited in the Lower Hunter initiated in association with the local community
- ◆ Six community sessions on the remake of the coastal Integrated Forestry Operations Approvals held, with feedback showing that 91% of attendees felt they had an opportunity to provide input
- ◆ Monthly reports released on air quality in the Lower Hunter showing that Newcastle's air quality meets national standards
- ◆ Knowledge management and innovation workshops within the EPA examine needs across the areas of communication, people, culture, process and content
- ◆ Lower Hunter community research project commissioned to improve community awareness of, and access to, information on air quality

Details of other achievements this year follow ...

Respectful relationships with stakeholders

EPA Stakeholder Survey

The EPA recognises that when it engages well with the community, licensees and governments, all are able to work more effectively towards the common goal of protecting the environment and human health.

In 2013, the EPA commissioned Ipsos Social Research Institute to conduct a [survey of its key stakeholders](#). Representatives from the community, environment groups, industry and government were invited to provide honest and frank opinions and perceptions of the EPA and its management of environmental issues.

The survey revealed that while stakeholders felt the EPA has positive attributes and manages many environmental issues well, they believe the agency needs to better communicate its role, responsibilities and parameters, particularly to the community. While most of the NSW population had heard of the EPA, most people knew little about it. Of those who did know something of the EPA, many felt it was professional, trustworthy, independent and an effective regulator although, fewer believed the EPA to be innovative. The EPA has summarised the survey outcomes and developed a

[set of responses](#) and will be aiming to improve on these results in the next survey.

The EPA is implementing engagement processes and protocols modelled on the best practice approach of informing, consulting and involving stakeholders as outlined in the International Association for Public Participation's model the [*IAP2 Public Participation Spectrum*](#).

The EPA has and will continue to develop a number of initiatives and programs designed to ensure consistency across all of its engagement activities and better support staff and management to deliver transparent and timely information to all stakeholders. These initiatives include a stakeholder newsletter, currently delivered to more than 2500 stakeholders, media training and a subject matter expert program.

Improving stakeholder engagement is an ongoing process and the EPA is committed to raising its public profile as a credible and respected leader in environmental regulation.

Lower Hunter Dust Deposition Project

In response to concerns raised by residents in the Lower Hunter about visible black dust, the EPA has commissioned a study to examine deposited dust in key areas where complaints have been received, including along the rail corridor. To ensure that the views of the community are fully considered,

the EPA has established an eight-member reference group for the project comprising:

- two community representatives
- two industry representatives
- two independent technical experts
- two EPA staff members.

A [webpage](#) has been developed for the project.

Sampling using dust deposition gauges and other techniques will be undertaken for 12 months to allow for seasonal variation. The analysis of dust samples may point to likely sources of the dust, although specific facilities will not be identified as part of this process. The final report is expected to be received in September 2015.

The Lower Hunter Dust Deposition Project will add to the information about the impacts of industry on the amenity of the area and aims to increase community knowledge and understanding about dust deposition in the Lower Hunter, particularly along the rail corridor.

Risk-based licensing: stakeholder engagement

The EPA conducted extensive public consultation and stakeholder engagement during development of its [risk-based licensing system](#), including changes to licence administrative fees, as follows:

- initial targeted consultation in mid-2013 with key NSW Government agencies, state-owned corporations, key industry associations and businesses, local government and environment groups to inform development of the proposals
- establishment of a licensee reference group to provide advice on the risk assessment process that underpins the system
- comprehensive public consultation which included notifying all 2500 environment protection licensees, industry representative groups and other key stakeholders about the proposal
- information sessions held across NSW with over 450 attendees as well as detailed information about the proposals made available on the EPA's website.

In response to this public consultation, the EPA received 42 submissions from licensees, industry associations, the State Government, local government and environmental groups and this significantly assisted development and refining of the system. The EPA also held regular briefings with key industry associations at their request to resolve outstanding issues and build support for the risk-based licensing system.

Following commencement of the regulatory changes in May 2014, the EPA has continued a comprehensive communications process to ensure that all affected stakeholders are aware that the risk-based licensing legislative amendments have commenced. This has included:

- writing to over 2000 environment protection licence holders and key government and non-government stakeholders to inform them of the introduction of risk-based licensing
- updating the EPA's website with detailed information to ensure good understanding of the context and basis of the EPA's decisions about licensees' risk levels
- conducting a pilot of the risk assessment system to test the risk assessment process with a broad range of licensees
- regular briefings of all key stakeholders to ensure the community and industry remain well informed on the implementation of the risk-based licensing system
- distributing a fact sheet on risk-based licensing.

From September 2014, the EPA will progressively undertake a risk assessment of each facility that holds an environment protection licence to identify whether any environmental issues need to be addressed. The EPA will work closely with licensees while the risk assessments are in progress to ensure that all relevant issues are considered and the risk assessment outcomes are well understood.

Key Result Area 6: Exemplar organisation

Selected key achievements

- Delivery of 56 courses of varying complexity and length to 937 environmental regulators to further enhance their operational and technical capabilities
- First-ever online auction of credits for the Hunter River Salinity Trading Scheme
- 100% of work health and safety incidents reported to the EPA Executive and Board
- *EPA Anti-Bullying Policy* published in January 2014
- Government Information (Public Access) training for over 70 senior staff members and information sessions for all remaining staff
- Development of a Fraud Control Plan as part of the EPA Executive's corporate risk assessment program
- 220 staff attended ICAC fraud and corruption training, 38 staff an information session and remaining staff an EPA governance requirement and obligation information session
- All EPA offices purchase photocopy and print paper with recycled content
- 94% of EPA offices separate wastes for recycling, including paper, glass, plastic, aluminium and steel containers
- 81% of EPA offices recycle or reuse any shredded waste paper created on-site

Details of other achievements this year follow ...

A respected and credible regulator

EPA Capability Self-assessment Tool

The [NSW Public Sector Capability Framework](#) describes the capabilities, skills, knowledge and abilities relevant to NSW public sector staff, regardless of their location, agency or job role. EPA staff had an opportunity to assess themselves against the Capability Framework using an online Capability Self-assessment Tool between November 2013 and February 2014. Additional occupational capabilities were included in the assessment to address EPA-specific skills, such as gathering evidence, undertaking inspections and managing environmental incidents. The tool identified a mix of seven EPA capabilities and 14 NSW public sector capabilities according to each person's position, grade and area of work.

The results show that EPA staff are well-equipped to perform their duties with particular strengths in:

- working as a team
- customer focus
- cultural awareness
- responding to complaints
- undertaking inspections
- operational capabilities.

The EPA's top strength assessed by staff was the ability to respond to complaints. This may reflect the frequency with which staff undertake this activity, such as when responding to Environment Line reports, and highlights a level of confidence in undertaking the task. A relatively high score for the capability, working as a team, is also an indicator of a positive EPA culture.

There are some opportunities for improvement and the EPA is currently reinforcing these through targeted capability training, including environmental incident management and gathering and managing evidence. The results from the self-assessment tool will be used when setting EPA 2014–15 training priorities, with benefits expected that will reinforce the EPA as an exemplar organisation and respected and credible regulator.

Cracking down on illegal dumping and waste activities

While the EPA strives to detect and take appropriate regulatory action against illegal waste operators and dumpers wherever it can, in recent years it has seen examples of waste operators who have no regard for the wellbeing of the environment or the community. These have included emptying truckloads of asbestos outside pre-schools and flouting court-imposed orders to stop illegally dumping waste on innocent private citizens' properties. EPA investigations have also found that organised illegal waste disposal activities and waste levy fraud have become systemic in some parts of the waste industry.

Fines and penalties previously issued for waste-related offences did not outweigh the profits that could be made from unlawful actions involving waste. The fines and penalties were low enough to be disregarded by unscrupulous waste operators as part of the cost of doing business.

To strengthen the financial disincentive to illegal waste activities, the NSW Government passed the *Protection of the Environment Operations Amendment (Illegal Waste Disposal) Act 2013*. This gives the EPA additional powers and increased sentencing and penalty provisions to the courts to crack down on illegal waste dumpers. This will help to break the business model of organised illegal waste activities. These initiatives include:

- extending the offence of illegally using land as a waste facility to also illegally using water as a waste facility
- providing the EPA with powers to seize vehicles for repeat waste-related offences and allowing forfeiture of the vehicles on conviction for an offence

- introduction of a new penalty of imprisonment to allow courts to punish repeat waste-related strict liability offences
- introduction of a new offence, that includes an imprisonment penalty, for fraudulently providing false or misleading information in relation to waste
- ensuring a mechanism prescribed by regulation is available for courts to calculate the monetary benefits an offender has gained from an offence, so the court is able to order payment of this amount as an additional penalty
- restructuring the waste levy to remove the incentive for illegal waste disposal and ensure an even playing field across the waste industry.

These significant reforms will crack down on illegal dumping and waste activities and strengthen the penalties available to address and deter serious and repeat environmental crimes. The first five initiatives above commenced on 1 October 2013 and the final one will come into force under new provisions proposed in a remake of the Protection of the Environment Operations (Waste) Regulation.

Risk-based licensing

In 2013–14, the EPA commenced implementation of a [risk-based licensing system](#) to ensure that all environment protection licence holders receive an appropriate level of regulation based on the level of risk they pose to human health and the environment. The risk-based licensing system will:

- focus the EPA's regulatory attention on activities with the greatest potential to cause environmental impacts
- reduce regulatory burden for lower risk activities and licensees who are performing well
- provide incentives for licensees to improve their environmental performance through changes to the calculation of licence administrative fees.

Legislative amendments to the [Protection of the Environment Operations \(General\) Regulation 2009](#) allow the EPA to take into account a licensee's environmental performance when calculating their licence fees. The EPA commenced implementation of the system through a pilot program with 56 licensees across 28 different activities. The outcomes of the pilot have informed further refinements aimed at improving the risk assessment process and implementation.

The EPA's move to a risk-based licensing system is a significant and important reform of the environment protection licensing framework in NSW. It allows the EPA to better target regulatory effort towards high-risk and poorly performing licensees. The EPA system implements current international best practice and will put the agency at the cutting edge of environmental regulation in Australia.

People Matter Employee Survey

Almost three-quarters of EPA staff participated in the 2014 People Matter Employee Survey (PMES) run by the Public Service Commission across the NSW public sector. The survey measures employee perceptions about the workplace culture and their experiences in their organisation.

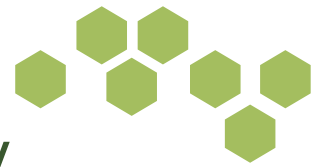
The [survey results](#) showed that the EPA achieved a better score on 99 of the 106 measures surveyed in comparison to the NSW public sector average. The measures covered issues such as integrity, trust, service, accountability, career development, engagement, equity and diversity, and anti-bullying.

The PMES provides an engagement index based on the extent employees feel proud, attached, motivated, inspired and willing to recommend their organisation as a great place to work. The EPA's engagement index was 73% compared with 65% for the NSW public sector. More specifically, 83% of EPA staff said they were proud to tell others who they work for.

Ninety-three percent of staff considered their work group to be honest, open and transparent, 17% higher than the public sector results. In addition, 97% of EPA staff considered that staff treated customers and clients with respect, while 96% agreed that the EPA provides procedures and systems that ensure employees avoid conflicts of interest.

Fostering staff development was considered, with 85% of EPA staff reporting they had a performance plan that set out their individual objectives, significantly higher than in the rest of the public sector (33%). In addition, 81% of EPA staff agreed that their manager considered their needs and career aspirations when approving their development plan.

The EPA is committed to using the results of the PMES to maintain high levels of staff wellbeing, engagement, adoption of organisational values and workplace practices. The results of the PMES will assist in shaping future initiatives to further enhance the EPA's outcome of fostering staff excellence, development and respect.



Environment Protection Authority financial statements

ENVIRONMENT PROTECTION AUTHORITY

Financial Statements

For the year ended 30 June 2014

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 2010, 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

Chair and Chief Executive Officer, EPA

19 September 2014

.....
Chris Knoblanche AM

EPA Board Member

19 September 2014



INDEPENDENT AUDITOR'S REPORT

Environment Protection Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Environment Protection Authority (the EPA), which comprise the statement(s) of financial position as at 30 June 2014, the statement(s) of comprehensive income, statement(s) of changes in equity, statement(s) of cash flows and notes comprising a summary of significant accounting policies and other explanatory information of the EPA and the consolidated entity. The consolidated entity comprises the EPA and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the EPA and the consolidated entity as at 30 June 2014, 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 the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the EPA's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the EPA or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of its internal control
- 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 other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Caroline Karakatsanis
Director, Financial Audit Services

22 September, 2014
SYDNEY

Beginning of audited financial statements

**Environment Protection Authority
Consolidated Statement of Comprehensive Income
for the year ended 30 June 2014**

| | Notes | Consolidated | | | Environment Protection Authority | |
|--|-------|--------------------|--------------------|--------------------|----------------------------------|--------------------|
| | | Actual 2014 \$'000 | Budget 2014 \$'000 | Actual 2013 \$'000 | Actual 2014 \$'000 | Actual 2013 \$'000 |
| Expenses excluding losses | | | | | | |
| Operating expenses | | | | | | |
| Employee related | 2(a) | 54,407 | 56,773 | 50,043 | – | – |
| Personnel services expenses | 2(a) | – | – | – | 54,407 | 50,043 |
| Other operating expenses | 2(b) | 40,280 | 51,451 | 36,026 | 40,280 | 36,026 |
| Depreciation and amortisation | 2(c) | 264 | 701 | 288 | 264 | 288 |
| Grants and subsidies | 2(d) | 36,031 | 28,744 | 44,790 | 36,031 | 44,790 |
| Total expenses excluding losses | | 130,982 | 137,669 | 131,147 | 130,982 | 131,147 |
| Revenue | | | | | | |
| Sales of goods and services | 3(a) | 425 | 225 | 624 | 425 | 624 |
| Investment revenue | 3(b) | 823 | 150 | 1,001 | 823 | 1,001 |
| Retained taxes, fees and fines | 3(c) | 17,637 | 60 | 3 | 17,637 | 3 |
| Grants and contributions | 3(d) | 110,202 | 135,727 | 127,603 | 110,202 | 127,603 |
| Acceptance by the Crown Entity of employee benefits and other liabilities | 3(e) | 4,809 | 3,322 | 2,585 | – | – |
| Personnel services | 3(e) | – | – | – | 4,809 | 2,585 |
| Other revenue | 3(f) | 505 | 155 | 60 | 505 | 60 |
| Total revenue | | 134,401 | 139,639 | 131,876 | 134,401 | 131,876 |
| Net result | | 3,419 | 1,970 | 729 | 3,419 | 729 |
| Other comprehensive income | | | | | | |
| Items that will not be reclassified to net result | | | | | | |
| Net increase/(decrease) in property, plant and equipment revaluation surplus | 7 | 71 | – | (14) | 71 | (14) |
| TOTAL COMPREHENSIVE INCOME | | 3,490 | 1,970 | 715 | 3,490 | 715 |

The accompanying notes form part of these financial statements.

Environment Protection Authority
Consolidated Statement of Financial Position
as at 30 June 2014

| | Notes | Consolidated | | | Environment Protection Authority | |
|--|-------|--------------------|--------------------|--------------------|----------------------------------|--------------------|
| | | Actual 2014 \$'000 | Budget 2014 \$'000 | Actual 2013 \$'000 | Actual 2014 \$'000 | Actual 2013 \$'000 |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 5 | 5,520 | 4,703 | 6,700 | 5,520 | 6,700 |
| Receivables | 6 | 3,741 | 158 | 2,565 | 3,741 | 2,565 |
| Total current assets | | 9,262 | 4,861 | 9,265 | 9,262 | 9,265 |
| Non-current assets | | | | | | |
| Property, plant and equipment | | | | | | |
| Land and buildings | 7 | 4,773 | 4,716 | 4,811 | 4,773 | 4,811 |
| Plant and equipment | 7 | 880 | 734 | 770 | 880 | 770 |
| Total property, plant and equipment | | 5,653 | 5,450 | 5,581 | 5,653 | 5,581 |
| Intangible assets | 8 | 1,883 | 3,021 | 46 | 1,883 | 46 |
| Total non-current assets | | 7,536 | 8,471 | 5,627 | 7,536 | 5,627 |
| Total assets | | 16,798 | 13,332 | 14,892 | 16,798 | 14,892 |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Payables | 11 | 4,384 | 4,104 | 6,556 | 4,384 | 6,556 |
| Provisions | 12 | 6,522 | 5,885 | 5,951 | – | – |
| Payable to the EPA Staff Agency | 12 | – | – | – | 6,522 | 5,951 |
| Total current liabilities | | 10,906 | 9,989 | 12,507 | 10,906 | 12,507 |
| Non-current liabilities | | | | | | |
| Provisions | 12 | 102 | 86 | 85 | – | – |
| Payable to the EPA Staff Agency | | – | – | – | 102 | 85 |
| Total non-current liabilities | | 102 | 86 | 85 | 102 | 85 |
| Total liabilities | | 11,007 | 10,075 | 12,592 | 11,007 | 12,592 |
| Net assets | | 5,790 | 3,257 | 2,300 | 5,790 | 2,300 |
| Equity | | | | | | |
| Reserves | | 963 | 906 | 892 | 963 | 892 |
| Accumulated funds | | 4,827 | 2,351 | 1,408 | 4,827 | 1,408 |
| TOTAL EQUITY | | 5,790 | 3,257 | 2,300 | 5,790 | 2,300 |

The accompanying notes form part of these financial statements.

**Environment Protection Authority
Consolidated Statement of Changes in Equity
for the year ended 30 June 2014**

| | Notes | Accumulated funds \$'000 | Asset revaluation surplus \$'000 | Total \$'000 |
|--|-------|-----------------------------|-------------------------------------|-----------------|
| Balance at 1 July 2013 | | 1,408 | 892 | 2,300 |
| Net result for the year | | 3,419 | – | 3,419 |
| Other comprehensive income | | | | |
| Net increase/(decrease) in property, plant and equipment asset revaluation reserve | 7 | – | 71 | 71 |
| Total other comprehensive income | | – | 71 | 71 |
| Total comprehensive income for the year | | 3,419 | 71 | 3,490 |
| Transactions with owners in their capacity as owners | | | | |
| Increase/(decrease) in net assets from equity transfers | 13 | – | – | – |
| Balance at 30 June 2014 | | 4,827 | 963 | 5,790 |
| Balance at 1 July 2012 | | | | |
| Net result for the year | | 673 | 906 | 1,579 |
| Other comprehensive income | | | | |
| Net increase/(decrease) in property, plant and equipment asset revaluation reserve | 7 | – | (14) | (14) |
| Total other comprehensive income | | – | (14) | (14) |
| Total comprehensive income for the year | | 729 | (14) | 715 |
| Transactions with owners in their capacity as owners | | | | |
| Increase/(decrease) in net assets from equity transfers | 13 | 6 | – | 6 |
| Balance at 30 June 2013 | | 1,408 | 892 | 2,300 |

The accompanying notes form part of these financial statements.

**Environment Protection Authority
Consolidated Statement of Cash Flows
for the year ended 30 June 2014**

| | Notes | Consolidated | | | Environment Protection Authority | |
|---|-------|--------------------|--------------------|--------------------|----------------------------------|--------------------|
| | | Actual 2014 \$'000 | Budget 2014 \$'000 | Actual 2013 \$'000 | Actual 2014 \$'000 | Actual 2013 \$'000 |
| Cash flows from operating activities | | | | | | |
| Payments | | | | | | |
| Employee related | | (49,766) | (53,533) | (47,852) | – | – |
| Personnel services expenses | | – | – | – | (49,766) | (47,852) |
| Grants and subsidies | | (36,028) | (28,744) | (44,790) | (36,028) | (44,790) |
| Other* | | (46,917) | (51,451) | (37,394) | (46,917) | (37,394) |
| Total payments | | (132,712) | (133,728) | (130,036) | (132,712) | (130,036) |
| Receipts | | | | | | |
| Grants and contributions | | 103,576 | 135,417 | 127,601 | 103,576 | 127,601 |
| Sale of goods and services | | 425 | 225 | 624 | 425 | 624 |
| Retained taxes, fees and fines | | 17,637 | – | 3 | 17,637 | 3 |
| Interest received | | 889 | 150 | 458 | 889 | 458 |
| Cash reimbursements from the Crown Entity** | | 1,132 | – | 1,573 | 1,132 | 1,573 |
| Other | | 9,977 | 525 | 946 | 9,977 | 946 |
| Total receipts | | 133,637 | 136,317 | 131,205 | 133,637 | 131,205 |
| Net cash flows from operating activities | 17 | 925 | 2,589 | 1,169 | 925 | 1,169 |
| Cash flows from investing activities | | | | | | |
| Purchases of intangible assets | | (1,867) | (3,334) | – | (1,867) | – |
| Purchase of land and buildings, plant and equipment, infrastructure | | (238) | (50) | (313) | (238) | (313) |
| Net cash flows from investing activities | | (2,105) | (3,384) | (313) | (2,105) | (313) |
| Cash flows from financing activities | | | | | | |
| Proceeds from borrowings and advances | | – | – | – | – | – |
| NET INCREASE/(DECREASE) IN CASH | | (1,180) | (795) | 856 | (1,180) | 856 |
| Opening cash and cash equivalents | | 6,700 | 5,498 | 5,844 | 6,700 | 5,844 |
| CLOSING CASH AND CASH EQUIVALENTS | 5 | 5,520 | 4,703 | 6,700 | 5,520 | 6,700 |

* Includes payment to the Office of Environment and Heritage (OEH) for corporate and other specialist support.

** Includes reimbursement of long service leave.

The accompanying notes form part of these financial statements.

Environment Protection Authority

Notes to and forming part of the financial statements for the year ended 30 June 2014

1. Summary of significant accounting policies

(a) Reporting entity

The Environment Protection Authority (EPA) is constituted under section 5 of the *Protection of the Environment Administration Act 1991* as a statutory body corporate.

The EPA as a reporting entity comprises the EPA Staff Agency (the Staff Agency), an entity under its control. The Staff Agency's objective is to provide personnel services to the EPA. The Staff Agency is a Division of the Government Service responsible to the Minister for the Environment established under the Administrative Arrangements Order 2014 (the Order), dated 29 January 2014. Under the Order, the former Office of the Environment Protection Authority became the Staff Agency.

The EPA is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The EPA is consolidated as part of the NSW total State Sector Accounts. The EPA 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.

These consolidated financial statements were authorised for issue by the EPA Chair and Chief Executive Officer on 19 September 2014.

(b) Basis of preparation

The EPA's financial statements are general purpose financial statements which have been prepared 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 2010
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

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

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

(c) Statement of compliance

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

(d) Administered activities

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

Transactions and balances relating to the administered activities are not recognised as EPA 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 claim 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. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Rendering of services

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

(ii) Investment revenue

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

(h) Assets

(i) Acquisition of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

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

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) 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*.

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 participant's perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Notes 9 and 19 for further information regarding fair value.

The entity revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2012 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

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

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

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

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

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

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

(iv) Impairment of property, plant and equipment

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

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets in order 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 – 6.67–50%
- Buildings – 2.5%
- 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) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset to the extent it is recognised as a liability.

(viii) 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.

(ix) 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 benefits.

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 charged to the statement of comprehensive income in the periods in which they are incurred.

(x) Intangible assets

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

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

Software

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

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

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

(xi) Loans and receivables

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

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

(xii) Impairment of financial assets

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

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

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

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available for sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xiii) De-recognition 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 the financial asset:

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

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

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or 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. 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 at 30 June 2014 and 30 June 2013. 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 plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The EPA has assessed the actuarial advice based on its circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

(b) Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined on an actuarial review to approximate present value.

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

(j) Fair value hierarchy

A number of the EPA's accounting policies and disclosures require the measurement of fair value 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:

- (i) Level 1 – quoted prices in active markets for identical assets/liabilities that the EPA can access at the measurement date
- (ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
- (iii) 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 Notes 9 and 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 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 entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity 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, as adjusted for section 24 of the *Public Finance and Audit Act 1983* where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(n) Comparative information

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

(o) New Australian Accounting Standards issued but not effective

NSW public sector entities are not permitted to adopt new Australian Accounting Standards early, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 14/03):

- AASB 9, AASB 2010-7 and AASB 2013-6 regarding financial instruments
- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 1031 *Materiality*

- AASB 1055 and AASB 2013-1 regarding budgetary reporting
- AASB 2011-7 (NFP) regarding consolidation and joint arrangements
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2013-3 Amendments to AASB 136 *Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 regarding financial instruments – *Novation of Derivatives and Continuation of Hedge Accounting*
- AASB 2013-5 regarding accounting for investment entities
- AASB 2013-6 regarding reduced disclosure requirements
- AASB 2013-7 regarding accounting for life insurance contracts
- AASB 2013-8 regarding Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities
- AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C).

These standards have been assessed for their possible impact on the financial statements, if any, in the period of their initial application. The assessment concluded that there will be no material impact.

2. Expenses excluding losses

(a) Employee related expenses and personnel services

| | Consolidated | | Environment Protection Authority | |
|---|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Salaries and wages (including recreation leave) | 42,936 | 40,368 | – | – |
| Superannuation: defined benefit plans | 1,224 | 1,196 | – | – |
| Superannuation: defined contribution plans | 3,120 | 3,017 | – | – |
| Long service leave | 3,745 | 1,309 | – | – |
| Workers' compensation insurance | 177 | 311 | – | – |
| Payroll tax and fringe benefits tax | 2,704 | 2,515 | – | – |
| Other | 501 | 1,327 | – | – |
| Personnel expenses | – | – | 54,407 | 50,043 |
| Total | 54,407 | 50,043 | 54,407 | 50,043 |

Employee related expenses include long service leave expenses and related on-costs of \$2.2m (2013: \$2.9m).

(b) Other operating expenses

| | Consolidated | | Environment Protection Authority | |
|--|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Contractor: projects | 13,306 | 8,008 | 13,306 | 8,008 |
| Consultants | 770 | 497 | 770 | 497 |
| Maintenance* | 351 | 382 | 351 | 382 |
| Fees and services | 349 | 431 | 349 | 431 |
| Corporate support from OEH | 11,796 | 15,841 | 11,796 | 15,841 |
| Other specialist services from OEH | 5,000 | 4,621 | 5,000 | 4,621 |
| Payments to NSW Government agencies | 722 | 153 | 722 | 153 |
| Stores and minor assets | 534 | 510 | 534 | 510 |
| Fleet costs | 993 | 1,033 | 993 | 1,033 |
| Operating lease rental expenses (minimum lease payments) | 1,666 | 1,563 | 1,666 | 1,563 |
| Insurance | 76 | 64 | 76 | 64 |
| Information dissemination | 1,549 | 551 | 1,549 | 551 |
| Travel costs | 1,068 | 940 | 1,068 | 940 |
| Other occupancy costs | 702 | 725 | 702 | 725 |
| Training | 637 | 347 | 637 | 347 |
| Communication costs | 318 | 221 | 318 | 221 |
| Legal costs | 438 | 76 | 438 | 76 |
| Auditor's remuneration (audit or review of the financial statements) | 47 | 45 | 47 | 45 |
| Impairment of assets and bad debts | – | 4 | – | 4 |
| Other | 11 | 14 | 11 | 14 |
| Expenses capitalised | (53) | – | (53) | – |
| Total | 40,280 | 36,026 | 40,280 | 36,026 |

Reconciliation: total maintenance

| | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|
| Maintenance expense: contracted labour and other (non-employee related), as above | 351 | 382 |
| Total maintenance expenses included in Note 2(b) | 351 | 382 |

(c) Depreciation and amortisation expense

| | Consolidated | | Environment Protection Authority | |
|-----------------------------|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Depreciation | | | | |
| Buildings and improvements | 107 | 106 | 107 | 106 |
| Plant and equipment | 86 | 80 | 86 | 80 |
| Furniture and fittings | 42 | 69 | 42 | 69 |
| | 235 | 255 | 235 | 255 |
| Amortisation of intangibles | 29 | 33 | 29 | 33 |
| | 29 | 33 | 29 | 33 |
| Total | 264 | 288 | 264 | 288 |

(d) Grants and subsidies

| | Consolidated | | Environment Protection Authority | |
|--|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Federal Government | 23 | – | 23 | – |
| NSW Government | 1,323 | 1,051 | 1,323 | 1,051 |
| Local government | 13,221 | 4,117 | 13,221 | 4,117 |
| <i>Waste Less, Recycle More</i> payments | 17,200 | – | 17,200 | – |
| Waste performance improvement payments* | – | 38,700 | – | 38,700 |
| UV Tanning Units Disposal Scheme | 7 | – | 7 | – |
| Non-government organisations | 4,258 | 922 | 4,258 | 922 |
| Total | 36,031 | 44,790 | 36,031 | 44,790 |

* Waste performance improvement payments ceased at 30 June 2013 and have been replaced by *Waste Less, Recycle More* grants.

3. Revenue

(a) Rendering of services

| | Consolidated | | Environment Protection Authority | |
|------------------------|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Rendering of services | | | | |
| Minor fees and charges | 425 | 326 | 425 | 326 |
| Advisory fees | – | 298 | – | 298 |
| Total | 425 | 624 | 425 | 624 |

(b) Investment revenue

| | Consolidated | | Environment Protection Authority | |
|---|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Interest revenue from financial assets at fair value through profit or loss | 823 | 1,001 | 823 | 1,001 |
| Total | 823 | 1,001 | 823 | 1,001 |

(c) Retained taxes, fees and fines

| | Consolidated | | Environment Protection Authority | |
|--------------------------------|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Fees | | | | |
| Licensing administration fees* | 17,623 | – | 17,623 | – |
| | 17,623 | – | 17,623 | – |
| Fines | | | | |
| Parking, court and other | 14 | 3 | 14 | 3 |
| Total | 17,637 | 3 | 17,637 | 3 |

* On 18 June 2013, the *Protection of the Environment Operations Administration Act 1991* was amended to allow the EPA to retain income associated with licence administration and regulatory intervention fees from 1 July 2013.

(d) Grants and contributions

| | Consolidated | | Environment Protection Authority | |
|--|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Funding was provided by the Commonwealth and State Governments together with private and corporate sponsorship as follows: | | | | |
| Federal Government | 263 | 175 | 263 | 175 |
| NSW Government: externally sourced funding | 5,932 | 12,343 | 5,932 | 12,343 |
| Local government | 4 | – | 4 | – |
| NSW Government: recurrent and capital funding | 102,122 | 114,143 | 102,122 | 114,143 |
| Non-government organisations | 1,881 | 942 | 1,881 | 942 |
| Total | 110,202 | 127,603 | 110,201 | 127,603 |

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

| | Consolidated | | Environment Protection Authority | |
|--|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| The following liabilities and/or expenses have been assumed by the Crown Entity: | | | | |
| Superannuation: defined benefit | 1,223 | 1,196 | – | – |
| Long service leave | 3,523 | 1,328 | – | – |
| Payroll tax on superannuation | 63 | 61 | – | – |
| Personnel services revenue | – | – | 4,809 | 2,585 |
| Total | 4,809 | 2,585 | 4,809 | 2,585 |

(f) Other revenue

| | Consolidated | | Environment Protection Authority | |
|-----------------------|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Insurance recoveries | 4 | 54 | 4 | 54 |
| Miscellaneous revenue | 501 | 6 | 501 | 6 |
| Total | 505 | 60 | 505 | 60 |

4. Service groups of the Environment Protection Authority

Service Group Environment Protection and Regulation

| Service description | Environment Protection Authority |
|---------------------|---|
| | The EPA delivers credible, targeted and cost-effective regulatory services for environment 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. |

5. Current assets: cash and cash equivalents

| | Consolidated | | Environment Protection Authority | |
|--|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| For the purposes of the statement of cash flows, cash and cash equivalents include all of the following: | | | | |
| Cash at bank | 5,520 | 6,700 | 5,520 | 6,700 |
| Closing cash and cash equivalents (as per statement of cash flows) | 5,520 | 6,700 | 5,520 | 6,700 |

Refer to Note 10 for details on restricted cash balances.

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

6. Current assets: receivables

| | Consolidated | | Environment Protection Authority | |
|--------------------------------|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Sale of goods and services | 938 | 620 | 938 | 620 |
| Less: Allowance for impairment | – | (4) | – | (4) |
| Accrued income | 1,473 | 1,241 | 1,473 | 1,241 |
| Prepayments | 186 | 227 | 186 | 227 |
| GST | 1,118 | 461 | 1,118 | 461 |
| Other receivables | 27 | 20 | 27 | 20 |
| Total | 3,741 | 2,565 | 3,741 | 2,565 |

| | 2014 \$'000 |
|---------------------------------------|----------------|
| Debts written off during the period | |
| Balance at 1 July 2013 | 4 |
| Amounts written off during the period | (4) |
| Balance at 30 June | – |

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

7. Non-current assets: property, plant and equipment

| Consolidated and parent | Buildings \$'000 | Plant and equipment \$'000 | Total \$'000 |
|---|---------------------|----------------------------------|-----------------|
| At 1 July 2013: fair value | | | |
| Gross carrying amount | 5,355 | 2,257 | 7,612 |
| Accumulated depreciation and impairment | (544) | (1,487) | (2,031) |
| Net carrying amount | 4,811 | 770 | 5,581 |
| At 30 June 2014: fair value | | | |
| Gross carrying amount | 5,434 | 2,476 | 7,910 |
| Accumulated depreciation and impairment | (661) | (1,596) | (2,257) |
| Net carrying amount | 4,773 | 880 | 5,653 |

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 2014 | | | |
| Net carrying amount at start of year (1 July 2013) | 4,811 | 770 | 5,581 |
| Additions | – | 238 | 238 |
| Net revaluation increment less revaluation decrements | 71 | – | 71 |
| Depreciation expense | (107) | (128) | (235) |
| Other movements | (2) | – | (2) |
| Net carrying amount at end of year | 4,773 | 880 | 5,653 |

For additional details regarding impairment losses, refer to AASB 136.126-137

| Consolidated and parent | Buildings \$'000 | Plant and equipment \$'000 | Total \$'000 |
|---|---------------------|----------------------------------|-----------------|
| At 1 July 2012: fair value | | | |
| Gross carrying amount | 5,370 | 2,396 | 7,766 |
| Accumulated depreciation and impairment | (439) | (1,790) | (2,229) |
| Net carrying amount | 4,931 | 606 | 5,537 |
| At 30 June 2013: fair value | | | |
| Gross carrying amount | 5,355 | 2,257 | 7,612 |
| Accumulated depreciation and impairment | (544) | (1,487) | (2,031) |
| Net carrying amount | 4,811 | 770 | 5,581 |

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.

| | Buildings \$'000 | Plant and equipment \$'000 | Total \$'000 |
|--|---------------------|----------------------------------|-----------------|
| Consolidated and parent | | | |
| Year ended 30 June 2013 | | | |
| Net carrying amount at start of year (1 July 2012) | 4,931 | 606 | 5,537 |
| Additions | – | 313 | 313 |
| Net revaluation increment less revaluation decrements | (14) | – | (14) |
| Depreciation expense | (106) | (149) | (255) |
| Net carrying amount at end of year | 4,811 | 770 | 5,581 |

For additional details regarding impairment losses, refer to AASB 136.126-137

8. Intangible assets

| | Software \$'000 | Total \$'000 |
|---|--------------------|-----------------|
| Consolidated and parent | | |
| At 1 July 2013: fair value | | |
| Cost (gross carrying amount) | 215 | 215 |
| Accumulated amortisation and impairment | (169) | (169) |
| Net carrying amount | 46 | 46 |
| At 30 June 2014: fair value | | |
| Cost (gross carrying amount) | 2,081 | 2,081 |
| Accumulated amortisation and impairment | (198) | (198) |
| Net carrying amount | 1,883 | 1,883 |
| Consolidated and parent | | |
| Year ended 30 June 2014 | | |
| Net carrying amount at start of period (1 July 2013) | 46 | 46 |
| Additions | 1,867 | 1,867 |
| Acquisitions through administrative restructures: transferred from OEH | – | – |
| Amortisation (recognised in 'Depreciation and amortisation') | (29) | (29) |
| Other movements | (1) | (1) |
| Net carrying amount at end of year | 1,883 | 1,883 |

| | Software \$'000 | Total \$'000 |
|--|--------------------|-----------------|
| Consolidated and parent | | |
| At 1 July 2012: fair value | | |
| Cost (gross carrying amount) | 192 | 192 |
| Accumulated amortisation and impairment | (120) | (120) |
| Net carrying amount | 72 | 72 |
| At 1 July 2013: fair value | | |
| Cost (gross carrying amount) | 215 | 215 |
| Accumulated amortisation and impairment | (169) | (169) |
| Net carrying amount | 46 | 46 |
| Consolidated and parent | | |
| Year ended 30 June 2013 | | |
| Net carrying amount at start of year (1 July 2012) | 72 | 72 |
| Additions | – | – |
| Acquisitions through administrative restructures-transfer from OEH | 7 | 7 |
| Amortisation (recognised in 'Depreciation and amortisation') | (33) | (33) |
| Other movements: free of cost | – | – |
| Net carrying amount at end of year | 46 | 46 |

9. Fair value measurement of non-financial assets

(a) Fair value hierarchy

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total fair value \$'000 |
|---|-------------------|-------------------|-------------------|-------------------------------|
| Property, plant and equipment (Note 7) | | | | |
| Buildings | – | – | 4,773 | 4,773 |
| Plant and equipment | – | 880 | – | 880 |
| Total | – | 880 | 4,773 | 5,653 |

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 five years. The last valuation for buildings was conducted in June 2012. The fair value of Level 3 assets is 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

| | Buildings \$'000 | Total recurring Level 3 fair value \$'000 |
|---|-----------------------------|--|
| Fair value at 1 July 2013 | 4,811 | 4,811 |
| Revaluation increments/decrements recognised in other comprehensive income: included in line item 'Net increase/ (decrease) in property, plant and equipment revaluation surplus' | 71 | 71 |
| Depreciation | (107) | (107) |
| Other movements | (2) | (2) |
| Fair value at 30 June 2014 | 4,773 | 4,773 |

10. Restricted assets

| | Consolidated | | Environment Protection Authority | |
|----------------|------------------------|------------------------|---|------------------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Current | | | | |
| Contributions | 83 | 327 | 83 | 327 |
| Total | 83 | 327 | 83 | 327 |

The above amounts are recognised as restricted assets as there are specific legislative or contractual conditions associated with the use of these funds.

11. Current liabilities: payables

| | Consolidated | | Environment Protection Authority | |
|--------------------------------------|------------------------|------------------------|---|------------------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Accrued salaries, wages and on-costs | 1,449 | 1,073 | – | – |
| Creditors | 2,935 | 5,483 | 2,935 | 5,483 |
| Payable to the EPA Staff Agency | – | – | 1,449 | 1,073 |
| Total | 4,384 | 6,556 | 4,384 | 6,556 |

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 19.

12. Current/non-current liabilities: provisions

| | Consolidated | | Environment Protection Authority | |
|---|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Current | | | | |
| Employee benefits and related on-costs | | | | |
| Recreation leave* | 4,147 | 3,892 | – | – |
| Recreation leave on-costs* | 449 | 448 | – | – |
| Long service leave on-costs** | 1,926 | 1,611 | – | – |
| Payable to the EPA Staff Agency | – | – | 6,522 | 5,951 |
| | 6,522 | 5,951 | 6,522 | 5,951 |
| Non-current | | | | |
| Recreation leave* | 102 | 85 | – | – |
| Long service leave on-costs** | – | – | 102 | 85 |
| Payable to the EPA Staff Agency | 102 | 85 | 102 | 85 |
| Total provisions | 6,624 | 6,036 | 6,623 | 6,036 |
| Aggregate employee benefits and related on-costs | | | | |
| Provisions: current | 6,522 | 5,951 | – | – |
| Provisions: non-current | 102 | 85 | – | – |
| Accrued salaries, wages and on-costs (Note 11) | 1,449 | 1,073 | – | – |
| Payable to the EPA Staff Agency | – | – | 8,073 | 7,109 |
| Total | 8,073 | 7,109 | 8,073 | 7,109 |

* The value of employee benefits and related on-costs expected to be paid after 12 months is \$6,767.

** 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.

13. Increase/decrease in net assets from equity transfers

There were no equity transfers during 2014. For comparative purposes, 2013 information is disclosed below.

Administrative restructures

Under the Public Sector Employment and Management (Office of the Environment Protection Authority) Order 2012, staff and positions of the Air Policy Unit within the Office of Environment and Heritage (OEH) in the Department of Premier and Cabinet (DPC) were transferred to the Office of the Environment Protection Authority (EPA). Assets assigned to the EPA by OEH were transferred to the EPA on 1 July 2012.

| | 2013 \$'000 |
|--|----------------|
| Increase in assets due to transfer of Air Policy functions | 6 |
| Total | 6 |

14. Commitments for expenditure

At 30 June 2014, the EPA did not have any leasing commitments (operating or finance).

Commitments for expenditure

| | 2014 \$'000 | 2013 \$'000 |
|--|----------------|----------------|
| Capital commitments* | | |
| Aggregate capital expenditure contracted at balance date and not provided for: | | |
| Not later than one year | 39 | – |
| Total (including GST) | 39 | – |

* The commitments above include input tax credits of \$3,600 that are expected to be recoverable from the Australian Taxation Office.

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 a number of civil claims against the EPA in relation to issues such as negligence and public liability. As at 30 June 2014 these included:

- A civil law suit for claim in relation to the impact of water sharing plan on a property development.

It is not practical to estimate the financial effect of these claims. The EPA's insurable risk should adequately cover all these claims.

(b) Other claims

A civil law suit on the seizing of records during an investigation is in progress.

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

Other than the above, the EPA is not aware of any significant or material contingent liability at 30 June 2014 or which has emerged subsequent to this date, which may materially impact on its financial position as shown in the financial statements.

Contingent assets

Treasury Managed Fund

Apart from the civil claims managed by TMF disclosed above, there are no other known contingent assets at balance date.

16. Budget review

Net result: net result of \$3.42m against the budget of \$1.97m – a variance of \$1.45m

Higher than budgeted net result was primarily due to:

- delays in timing of projects (\$2.7m) through external stakeholder negotiations
- other expenditure – the balance of under-expenditure against budget relates to the deferral of expenditure to forward years (\$5m), after completion of supporting infrastructure
- revenue – approval for the EPA to retain revenue from licensing administration fees (\$17.6m) and project deferrals offset by a reduction in Consolidated Fund revenue of \$24m

Net assets: net assets of \$5.79m against the budget of \$3.26m – a variance of \$2.5m
Major impact on net assets is the positive net operating result from increasing cash at bank as well as an increase in receivables.

Cash flows

Actual cash: \$5.52 million – a variation of \$0.83m was primarily due to an increase in grants received.

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

| | Consolidated | | Environment Protection Authority | |
|------------------------------------|----------------|----------------|----------------------------------|----------------|
| | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Net cash from operating activities | 925 | 1,169 | 925 | 1,169 |
| Depreciation and amortisation | (264) | (288) | (264) | (288) |
| Increase/(decrease) in receivables | 1,176 | 2,407 | 1,176 | 2,407 |
| Decrease/(increase) in provisions | (588) | (108) | (588) | (108) |
| Decrease/(increase) in creditors | 2,169 | (2,451) | 2,169 | (2,451) |
| Net result | 3,419 | 729 | 3,418 | 729 |

18(a) Administered assets, liabilities and income

| | 2014 \$'000 | 2013 \$'000 |
|---------------------------------------|----------------|----------------|
| Administered assets | | |
| Receivables | 3,133 | 3,116 |
| Allowance for impairment | (544) | (625) |
| Cash | 822 | (4,448) |
| Remittance clearing | 550,020 | 554,905 |
| Accrued income | 4,543 | 6,952 |
| Total administered assets | 557,974 | 559,900 |
| Administered liabilities | | |
| Creditors | 68 | 7 |
| Total administered liabilities | 68 | 7 |
| Administered income | | |
| Pollution licences and approvals | 29,952 | 47,320 |
| Radiation licences | 1,637 | 1,134 |
| Other fees and licences | 309 | 331 |
| Waste-related levies and fees | 501,958 | 479,633 |
| Coal wash levy | 14,392 | 16,536 |
| Waste levy rebates | (758) | (1,137) |
| Fines | 641 | 683 |
| Total administered income | 548,131 | 544,500 |

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

| | 2014 \$'000 | 2013 \$'000 |
|-------------------|----------------|----------------|
| Debts written off | – | 34 |
| Total | – | 34 |

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

(a) Financial instrument categories

| Financial assets | Notes | Category | Carrying amount 2014 \$'000 | Carrying amount 2013 \$'000 |
|------------------------------|-------|---|-----------------------------------|-----------------------------------|
| Class | | | | |
| Cash and cash equivalents | 5 | n/a | 5,520 | 6,700 |
| Receivables* | 6 | Loans and receivables (at amortised cost) | 2,437 | 1,881 |
| Financial liabilities | | | | |
| Class | | | | |
| Payables** | 11 | Financial liabilities measured at amortised cost | 2,935 | 5,483 |

* Excludes statutory receivables and prepayments (i.e. not within the scope of AASB 7).

** Excludes statutory payables and unearned revenue (i.e. not within the scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility of the EPA's debtors defaulting 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 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. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30-day terms.

The EPA is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2014: \$853,638; 2013: \$Nil) and not less than one month past due (2014: \$84,072; 2013: \$3,554) are not considered impaired. Most of the EPA's debtors have a good credit rating. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past/due or impaired are 'Sales of goods and services' in the 'Receivables' category of the statement of financial position.

| | Total | Past due but not impaired \$'000 | Considered impaired \$'000 |
|----------------------|--------------|---|---------------------------------------|
| 2014 | | | |
| < 3 months overdue | 84 | 84 | – |
| 3 – 6 months overdue | – | – | – |
| > 6 months overdue | – | – | – |
| 2013 | | | |
| < 3 months overdue | 4 | 4 | – |
| 3 – 6 months overdue | – | – | – |
| > 6 months overdue | – | – | – |

Notes

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 the 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 12.5% (2013: 12.5%).

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

| \$'000 | | | | | | | | |
|--------------|--|-----------------|------------------------|------------------------|----------------------|----------------|-----------|-----------|
| | Weighted average effective interest rate | Nominal amount* | Interest rate exposure | | | Maturity dates | | |
| | | | Fixed interest rate | Variable interest rate | Non-interest bearing | < 1 year | 1–5 years | > 5 years |
| 2014 | | | | | | | | |
| Payables | | 2,935 | – | – | 2,935 | 2,935 | – | – |
| Total | | 2,935 | – | – | 2,935 | 2,935 | – | – |
| 2013 | | | | | | | | |
| Payables | | 5,483 | – | – | 5,483 | 5,483 | – | – |
| Total | | 5,483 | – | – | 5,483 | 5,483 | – | – |

* 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 EPA has no exposure to foreign currency risk and does not enter into commodity contracts. The EPA has no borrowings.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the EPA operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2013. 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 $\pm 1\%$ is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The EPA's exposure to interest rate risk is set out below.

| \$'000 | | | | | |
|------------------------------|-----------------|--------|--------|--------|--------|
| | Carrying amount | -1% | | 1% | |
| | | Profit | Equity | Profit | Equity |
| 2014 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 5,520 | (55) | (55) | 55 | 55 |
| Receivables | 2,437 | (24) | (24) | 24 | 24 |
| Financial liabilities | | | | | |
| Payables | 2,935 | 29 | 29 | (29) | (29) |
| 2013 | | | | | |
| Financial assets | | | | | |
| Receivables | 1,881 | (19) | (19) | 19 | 19 |
| Financial liabilities | | | | | |
| Payables | 5,483 | 55 | 55 | (55) | (55) |

(e) Fair value compared to carrying amount

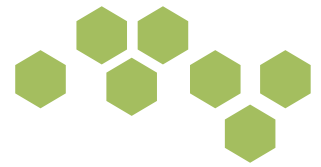
Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value.

The amortised cost of financial instruments recognised in the statement of financial position approximates fair value because of the short-term nature of the financial instruments.

20. Events after the reporting period

The EPA is not aware of any circumstances that occurred after balance date which would render particulars included in the financial statements to be misleading.

End of audited financial statements



Environment Protection Authority Staff Agency financial statements

ENVIRONMENT PROTECTION AUTHORITY STAFF AGENCY

Financial Statements

For the year ended 30 June 2014

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 2010, 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

Chair and Chief Executive Officer, EPA

19 September 2014

.....
Chris Knoblanche AM

EPA Board Member

19 September 2014



INDEPENDENT AUDITOR'S REPORT

Environment Protection Authority Staff Agency

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Environment Protection Authority Staff Agency (the Agency), which comprise the statement of financial position as at 30 June 2014, 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.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Agency as at 30 June 2014, 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Agency
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- 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 other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Caroline Karakatsanis
Director, Financial Audit Services

22 September, 2014
SYDNEY

Beginning of audited financial statements

**Environment Protection Authority Staff Agency
Statement of Comprehensive Income
for the year ended 30 June 2014**

| | Notes | Actual 2014 \$'000 | Actual 2013 \$'000 |
|--|-------|--------------------------|--------------------------|
| Expenses excluding losses | | | |
| Operating expenses | | | |
| Employee related | 2 | 54,407 | 50,043 |
| Total expenses excluding losses | | 54,407 | 50,043 |
| Revenue | | | |
| Personnel services | 3 | 54,407 | 50,043 |
| Total revenue | | 54,407 | 50,043 |
| Net result | | - | - |
| 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 2014**

| | Notes | Actual 2014 \$'000 | Actual 2013 \$'000 |
|--------------------------------------|-------|--------------------------|--------------------------|
| Assets | | | |
| Current assets | | | |
| Receivable from EPA | 6 | 8,073 | 7,109 |
| Total current assets | | 8,073 | 7,109 |
| Total assets | | 8,073 | 7,109 |
| Liabilities | | | |
| Current liabilities | | | |
| Payables | 4 | 1,449 | 1,073 |
| Provisions | 5 | 6,522 | 5,951 |
| Total current liabilities | | 7,971 | 7,024 |
| Non-current liabilities | | | |
| Provisions | 5 | 102 | 85 |
| Total non-current liabilities | | 102 | 85 |
| Total liabilities | | 8,073 | 7,109 |
| 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 2014**

| | Notes | Accumulated funds \$'000 | Asset revaluation surplus \$'000 | Total \$'000 |
|--|-------|-----------------------------|-------------------------------------|-----------------|
| Balance at 1 July 2013 | | – | – | – |
| Net result for the period | | – | – | – |
| Other comprehensive income: | | | | |
| Total other comprehensive income | | – | – | – |
| Total comprehensive income for the year | | – | – | – |
| Transactions with owners in their capacity as owners | | | | |
| Balance at 30 June 2014 | | – | – | – |
| Balance at 1 July 2012 | | – | – | – |
| Net result for the year | | – | – | – |
| Other comprehensive income | | | | |
| Total other comprehensive income: | | – | – | – |
| Total comprehensive income for the year | | – | – | – |
| Transactions with owners in their capacity as owners | | | | |
| Balance at 30 June 2013 | | – | – | – |

The accompanying notes form part of these financial statements.

**Environment Protection Authority Staff Agency
Statement of Cash Flows
for the year ended 30 June 2014**

| | Notes | Actual 2014 \$'000 | Actual 2013 \$'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 | | - | - |
| Opening cash and cash equivalents | | - | - |
| CLOSING CASH AND CASH EQUIVALENTS | | - | - |

The accompanying notes form part of these financial statements.

Environment Protection Authority Staff Agency

Notes to and forming part of the financial statements

for the year ended 30 June 2014

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 the Environment Protection Authority became the Staff Agency, which is deemed a continuing agency for reporting purposes. Hence a full year financial report as at 30 June 2014 is prepared for the Staff Agency.

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 receivables from the EPA, the Staff Agency does not have any other assets or liabilities under its control.

These financial statements were authorised for issue by the EPA Chair and Chief Executive Officer on 19 September 2014.

(b) Basis of preparation

The Staff Agency's financial statements are general purpose financial statements which have been prepared 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 2010
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Generally the historical cost basis of accounting has been adopted and the financial report does not take into account the time value of money or current valuation.

Judgements, key assumptions and estimations made by management 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.

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 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 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.

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.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(f) Liabilities

(i) Payables

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

(ii) Employee benefits and other provisions

The Staff Agency provides personnel services to the EPA.

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

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

Annual leave is not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave 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, and does not disclose Acceptance by the Crown entity revenue because the EPA (not the Staff Agency) discloses these in its accounts.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined on an actuarial review to approximate present value.

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

(c) Consequential on-costs

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

(g) Equity and reserves

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

(h) Comparative information

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

(i) New Australian Accounting Standards issued but not effective

NSW public sector entities are not permitted to adopt new Australian Accounting Standards early, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 13/02):

- AASB 9, AASB 2010-7 and AASB 2013-6 regarding financial instruments
- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 1031 *Materiality*
- AASB 1055 and AASB 2013-1 regarding budgetary reporting
- AASB 2011-7 (NFP) regarding consolidation and joint arrangements
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2013-3 Amendments to AASB 136 *Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 regarding financial instruments – Novation of Derivatives and Continuation of Hedge Accounting

- AASB 2013-5 regarding accounting for investment entities
- AASB 2013-6 regarding reduced disclosure requirements
- AASB 2013-7 regarding accounting for life insurance contracts
- AASB 2013-8 regarding Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities
- AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C).

These standards have been assessed for their possible impact on the financial statements, if any, in the period of their initial application. The assessment concluded that there will be no material impact.

2. Expenses excluding losses

Employee related expenses

| | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|
| Salaries and wages (including recreation leave) | 42,936 | 40,368 |
| Superannuation: defined benefit plans | 1,224 | 1,196 |
| Superannuation: defined contribution plans | 3,120 | 3,017 |
| Long service leave | 3,745 | 1,309 |
| Workers' compensation insurance | 177 | 311 |
| Payroll tax and fringe benefits tax | 2,704 | 2,515 |
| Other | 501 | 1,327 |
| Total | 54,407 | 50,043 |

3. Revenue

Personnel services

| | 2014 \$'000 | 2013 \$'000 |
|-------------------------------|----------------|----------------|
| Personnel services to the EPA | 54,407 | 50,043 |
| Total | 54,407 | 50,043 |

4. Current liabilities: payables

| | 2014 \$'000 | 2013 \$'000 |
|---------------------------------------|----------------|----------------|
| Accrued salaries, wages and on-costs* | 1,449 | 1,073 |
| Total | 1,449 | 1,073 |

* Details regarding credit risk, liquidity risk and market risk, including maturity analysis of the above payables are discussed in Note 8.

5. Current/non-current liabilities: provisions

| | 2014 \$'000 | 2013 \$'000 |
|--|----------------|----------------|
| Current | | |
| Employee benefits and related on-costs | | |
| Recreation leave* | 4,147 | 3,891 |
| Recreation leave on-costs* | 449 | 449 |
| Long service leave on-costs** | 1,926 | 1,611 |
| Total current | 6,522 | 5,951 |
| Non-current | | |
| Recreation leave* | – | – |
| Long service leave on-costs** | 102 | 85 |
| Total non current | 102 | 85 |
| Total provisions | 6,624 | 6,036 |
| Aggregate employee benefits and related on-costs | | |
| Provisions: current | 6,522 | 5,951 |
| Provisions: non-current | 102 | 85 |
| Accrued salaries, wages and on-costs | 1,449 | 1,073 |
| Total | 8,073 | 7,109 |

* The value of employee benefits and related on-costs expected to be paid after 12 months is \$6,767.

** 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.

6. Current assets: receivables

| | 2014 \$'000 | 2013 \$'000 |
|--------------------------------|----------------|----------------|
| Current | | |
| Receivable from the EPA | | |
| Accrued salary | 1,449 | 1,073 |
| Employee provisions | 6,624 | 6,036 |
| Total | 8,073 | 7,109 |

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

| | 2014 \$'000 | 2013 \$'000 |
|------------------------------------|----------------|----------------|
| Net cash from operating activities | – | – |
| Increase/(decrease) in receivables | 964 | 278 |
| Decrease/(increase) in provisions | (588) | (108) |
| Decrease/(increase) in creditors | (376) | (170) |
| 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 the Chief Executive Officer has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Staff Agency, to set risk limits and controls, and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee/Internal auditors on a continuous basis.

(a) Financial instrument categories

| Financial assets | Notes | Category | Carrying amount 2014 \$'000 | Carrying amount 2013 \$'000 |
|------------------------------|-------|---|-----------------------------------|-----------------------------------|
| Class | | | | |
| Receivables* | 6 | Loans and receivables (at amortised cost) | 8,073 | 7,109 |
| Financial liabilities | | | | |
| Class | | | | |
| Payables** | 4 | Financial liabilities measured at amortised cost | 1,449 | 1,073 |

* Excludes statutory receivables and prepayments (i.e. not within the scope of AASB 7).

** Excludes statutory payables and unearned revenue (i.e. not within the scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility of the Staff Agency's debtors defaulting 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

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.

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 |
| 2014 | | | | | | | | |
| Payables | | 1,449 | – | – | 1,449 | 1,449 | – | – |
| Total | | 1,449 | – | – | 1,449 | 1,449 | – | – |
| 2013 | | | | | | | | |
| Payables | | 1,073 | – | – | 1,073 | 1,073 | – | – |
| Total | | 1,073 | – | – | 1,073 | 1,073 | – | – |

* The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the statement of financial position.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Staff Agency has no exposure to foreign currency risk and does not enter into commodity contracts. The Staff Agency has no borrowings.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Staff Agency operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2013. The analysis assumes that all other variables remain constant.

Interest rate risk

The Staff Agency does not account for any fixed-rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of $\pm 1\%$ is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Staff Agency's exposure to interest rate risk is set out below.

| \$'000 | | | | | |
|------------------------------|------------------------|---------------|---------------|---------------|---------------|
| | Carrying amount | -1% | | 1% | |
| | | Profit | Equity | Profit | Equity |
| 2014 | | | | | |
| Financial assets | | | | | |
| Receivables | 8,073 | (81) | (81) | 81 | 81 |
| Financial liabilities | | | | | |
| Payables | 1,449 | 14 | 14 | (14) | (14) |
| 2013 | | | | | |
| Financial assets | | | | | |
| Receivables | - | - | - | - | - |
| Financial liabilities | | | | | |
| Payables | 7,109 | (71) | (71) | 71 | 71 |

(e) Fair value compared to carrying amount

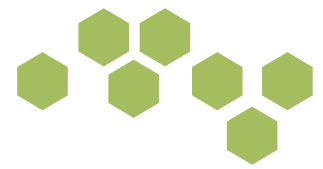
Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value.

The amortised cost of financial instruments recognised in the statement of financial position approximates fair value because of the short-term nature of the financial instruments.

9. Events after the reporting period

The Staff Agency is not aware of any circumstances that occurred after balance date which would render particulars included in the financial statements to be misleading.

End of audited financial statements



Appendices

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EPA Board governance

EPA Board

The EPA Board is an independent, expertise-based governing body that oversees and monitors the EPA. It was established under section 15 of the *Protection of the Environment Administration Act 1991* (POEA Act). The EPA Board has five members – the Chair and CEO and four part-time members – appointed by the Governor of New South Wales on the recommendation of the Minister for the Environment. The current EPA Board members have the expertise required of them in the Act, including extensive experience in the fields of environmental science, environmental law, business, and corporate financial, risk planning and management. Members also have established ties to, and understanding of, business and community groups.

Members, their skills and experience

Barry Buffier: Chair and CEO

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

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

Responsibilities

Under Section 19 of the POEA Act, the Chair is charged with the responsibility of managing and controlling the affairs of the EPA in accordance with the policies determined by the Board and any other decisions of the Board, subject to any directions of the Minister under the POEA Act. The Chair is also the presiding member of the Board.

Alec Brennan AM

Alec Brennan brings to the EPA Board 40 years' experience in business across a range of industries, including manufacturing, resources and distribution. He has been a public company director for more than 20 years and is a Fellow of the Australian Institute of Company Directors. Mr Brennan has a BSc (Food Technology) (Honours) from UNSW and an MBA (Distinction) from City UK. He currently chairs the publicly listed mining services company Emeco Holdings Ltd and is a director of several private companies.

Mr Brennan is Pro-Chancellor of Sydney University and chairs two University Senate committees: the Finance and Audit Committee and Human Resources Committee. He is also involved in a number of other not-for-profit activities and his extensive business experience covers such areas as strategy, process management, governance, finance and risk management. Mr Brennan sits on the EPA Finance, Audit and Risk Committee.

Mr Brennan became a Member of the Order of Australia (AM) in 2013 for significant service to business and commerce, tertiary education administration and the community.

Christine Covington

Christine Covington is a solicitor of the Supreme Court of NSW with over 28 years' experience in environmental, planning and property law and a graduate of the AICD. She is currently the National Practice Group Leader of the Environment and Planning Group at the law firm, Corrs Chambers Westgarth. Ms Covington has served as a NSW Government appointee to the Central Sydney Planning Committee and has experience in working with local government and on community engagements. She also has extensive experience in planning appeals and environmental prosecutions in the NSW Land and Environment Court and Supreme Court.

Chris Knoblanche AM

Chris Knoblanche is a company director on various boards. Most recently, he has been a Senior Adviser, Corporate and Investment Banking, Australia and New Zealand for Citigroup. Mr Knoblanche has been advising local and multinational companies for over 34 years in areas such as corporate strategy, financing, risk control and management. He holds a Bachelor of Commerce (Accounting and Financial Management) and is a Member of the Institute of Chartered Accountants and a Fellow of the Australian Society of Certified Practising Accountants. Mr Knoblanche has held key board positions and in 2001 was awarded the Centenary Medal by the Australian Government for service to Australian society through business and the arts. Mr Knoblanche chairs the EPA Finance, Audit and Risk Committee.

In June 2014, Mr Knoblanche was honoured as a member in the general division of the Order of Australia (AM) for significant service to arts administration, the community and the business and finance sector.

Julie Savet Ward

Julie Savet Ward has a Bachelor of Science (Applied Physical Geography) (Honours) and a Master of Landscape Planning and is a Fellow of the Australian Institute of Company Directors. Ms Savet Ward has 27 years' experience in science, planning and the environment. She has expertise in the regulatory environment for sustainability and a deep understanding of the planning, approval, design, construction and delivery of infrastructure, property and natural resource projects. Ms Savet Ward is also skilled in brokering and managing relationships between government and the community as well as the chairperson of a charity and a private consulting company.

Terms of appointment

| Board members | | Term of appointment |
|----------------------|--------|---|
| Barry Buffier | Chair | 2 April 2012 – 1 April 2017 Five-year term |
| Alec Brennan AM | Member | 29 February 2012 – 28 February 2017 Five-year term |
| Christine Covington | Member | |
| Chris Knoblanche AM | Member | |
| Julie Savet Ward | Member | |

What does the EPA Board do?

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

The functions of the EPA Board are to:

- determine the policies and long-term strategic plans of the EPA
- oversee the effective, efficient and economic management of the EPA
- develop and make available for public information guidelines relating to the institution of criminal and related proceedings
- determine whether the EPA should institute proceedings for serious environment protection offences referred to in section 17 of the *Protection of the Environment Administration Act 1991* (POEA Act)
- advise the Minister for the Environment on any matter relating to the protection of the environment

- receive reports from the EPA on any failure of the EPA to comply with its requirement to review environment protection licences every five years
- approve the EPA granting an exemption from the provisions of the [Protection of the Environment Operations Act 1997](#) (POEO Act) or other relevant EPA-administered legislation to any person or class or persons.

In addition, section 16 of the POEA Act requires the Board to provide the Minister with an annual Regulatory Assurance Statement, which can be found near the front of this report.

Independence of the Board

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

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

Board meetings

In 2013–14, the EPA Board met 10 times. The majority of meetings were held in Sydney, but there was also a site visit to Botany Industrial Park and a Board meeting in Wollongong. Following the Wollongong meeting, Board members attended a public gathering hosted by the EPA and met and discussed a range of environmental issues with the community, key stakeholders and industry representatives. Some members also made a site visit to Camden AGL the following day.

Members attended all the meetings in 2013–14 on the following dates except as indicated:

- | | |
|---------------------|--------------------------------------|
| • 17 July 2013 | • 4 December 2013 |
| • 25 July 2013 | • 23 January 2014 |
| • 13 August 2013 | • 18 February 2014 |
| • 18 September 2013 | • 2–3 April 2014 (in Wollongong) |
| • 22 October 2013 | • 21 May 2014 (Alec Brennan absent). |

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

Integrity of the EPA Board

Disclosure of pecuniary and other interests

Clause 7 of Schedule 1 to the POEA Act and the provisions of the [Protection of the Environment Administration Regulation 2012](#) contain detailed requirements on disclosure of the pecuniary and personal interests of Board members, the keeping of publicly available records about disclosures and the effect disclosures have on the 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, and the interest appears to raise a conflict with the proper performance of the member's duties in relation to the consideration of the matter where:

- they are a member, or are in the employment, of a specified company or other body
- they are a partner, or are in the employment, of a specified person
- they have some other specified interest relating to a specified company or other body or to a specified person

- a matter being considered or about to be considered at a meeting of the Board relates to the institution of criminal or related proceedings against a person and a member has any personal or financial interest in the matter.

All members of the EPA Board lodged their ordinary disclosure returns in September 2013. Members may also need to lodge special disclosures from time to time. Board members are given an opportunity at the commencement of each meeting to declare any potential, perceived or actual conflicts of interest, and those declared by Board members are recorded in the minutes of each meeting.

Conduct

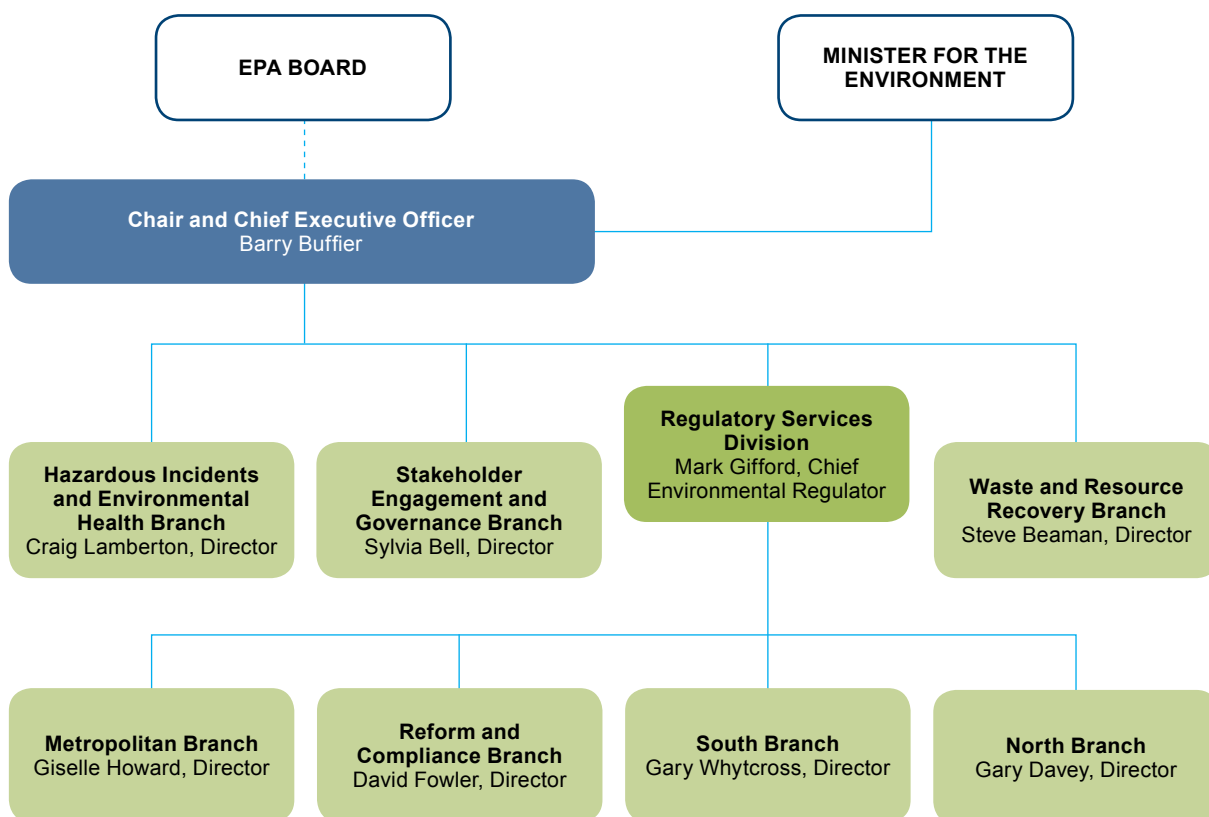
The Board follows:

- the EPA Board Code of Conduct which outlines the fundamental values and principles that define the standards of behaviour expected of members of the EPA Board
- the [Conduct Guidelines for Members of NSW Government Boards and Committees](#), which outlines fundamental values and principles that define the standards of behaviour expected of members of NSW Government boards and committees
- the [Guidelines for Boards of Government Businesses](#), which outlines the key private sector standards of corporate governance which are most appropriate to the practices and procedures for boards of government businesses.

Our people

Organisation structure

The EPA sits within the NSW Environment and Planning cluster.



Senior officers

EPA Chair and CEO: Barry Buffier

Barry Buffier is the Chair and CEO of the EPA. Mr Buffier has had significant senior executive and board experience in the public and private sectors, including roles as Director-General, Department of Primary Industries; Director-General, State and Regional Development; and National Manager, Agribusiness at Westpac. He has a Bachelor of Rural Science (Honours) and a Master of Economics and is a Churchill Fellow and a Fellow of the Australian Institute of Company Directors.

Under Section 19 of the *Protection of the Environment Administration Act 1991*, the Chair is charged with the responsibility of managing and controlling the affairs of the EPA in accordance with the policies determined by the Board and any other decisions of the Board, subject to any directions of the Minister for the Environment under the Act. The Chair is also the presiding member of the Board.

Chief Environmental Regulator: Mark Gifford

Mark Gifford has more than 25 years' experience in management and leadership positions. He has significant experience in government, working in the areas of policing, corruption prevention, regulation and environment protection and conservation, as well as private sector experience in technical and engineering services and manufacturing.

As the EPA's Chief Environmental Regulator, Mr Gifford is responsible for leading the day-to-day regulatory operations of the EPA and ensuring efficient delivery of diverse and complex environmental services.

Mr Gifford heads the Regulatory Services Division which includes:

- the EPA's three regional branches (Metropolitan, North and South) that deliver operational environment protection services in the areas of air, water, noise, odour, forestry, incident response, development assessment and strategic land-use planning
- the Reform and Compliance Branch, responsible for leading development and delivery of air, water, noise and operational policy, the EPA's reform agenda, compliance assurance and environmental audit programs and regulatory administration and systems.

Mr Gifford has a Bachelor of Business (Public Administration).

Director, Waste and Resource Recovery: Steve Beaman

Steve Beaman, the EPA's Director of Waste and Resource Recovery, has 20 years' experience in environmental policy and regulation in the NSW Government, including more than eight years at the Senior Executive level. His scope of work and knowledge spans a diverse range of policy and program areas, including natural resources management, environmental planning and regulation, resource recovery and community programs.

Mr Beaman has highly developed skills in evidence-based analysis of complex policy issues and negotiation of practical and effective strategies for action. His policy capability is complemented by a strong track record of program design and implementation.

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

Director, Hazardous Incidents and Environmental Health: Craig Lamberton

The Director of Hazardous Incidents and Environmental Health in the EPA, Craig Lamberton, has a degree in Pure and Applied Chemistry (Hons 1) and Masters Degrees in both Safety Science and Environmental Toxicology. He has a number of specialised qualifications in management, occupational hygiene and radiation protection. Mr Lamberton is a full professional member of the Australian Institute of Occupational Hygienists and the Australian Radiation Protection Society.

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

Director, Stakeholder Engagement and Governance: Sylvia Bell

Sylvia Bell joined the EPA in November 2012 as Director, Stakeholder Engagement and Governance. The branch leads the EPA's communications and stakeholder engagement, strategic initiatives, corporate governance and ICT functions.

Ms Bell has extensive experience in government and private sectors. Prior to joining the EPA, she held senior roles with the NSW Bureau of Health Information, the CSIRO and Garvan Institute of Medical Research and in private consulting.

Ms Bell holds a Bachelor of Science, a Master of Arts (Communications), a Graduate Diploma from the Australian Institute of Company Directors and is a Fellow of the Public Relations Institute of Australia.

Director, Metropolitan: Giselle Howard

Giselle Howard is an ecologist by training and has worked for the NSW Government in various natural resource and environmental agencies for over 20 years. She joined the EPA in 2003 as the Manager of its Local Government Section, partnering shared environment protection legislation with over 40 local councils in Sydney. Ms Howard then became Director of the Metropolitan Branch in the Office of Environment and Heritage with responsibilities for regulation and conservation outcomes for threatened species, Aboriginal heritage and environment protection licensing in Sydney and the Illawarra. She now heads the EPA's Metropolitan Branch.

Ms Howard's career began in environmental education both at field study centres and training Sydney Water field crews. She has a considerable work history in water-related fields, contributing to the sustainable management of rivers and creeks as well as groundwater systems in Sydney and on the NSW South Coast. Ms Howard has also worked extensively with community groups and industry bodies in catchment management. Living and working largely in metropolitan areas, she has a passion for finding sound environmental solutions among strongly competing demands.

Director, Reform and Compliance: David Fowler

David Fowler has over 20 years' experience in environmental engineering and regulation. He leads the Reform and Compliance team to ensure that NSW Government policies, systems and processes support, guide and build on the EPA's regulatory frameworks.

Mr Fowler holds a degree in Chemical Engineering and prior to his current appointment held senior positions throughout the environment portfolio. These included managing a team tasked with delivering strategic regulatory reforms, protocols and procedures and another providing operational support to deliver credible compliance and enforcement of land clearing of native vegetation in NSW. He also led the development of work programs and strategic statutory activities to meet the administrative obligations associated with environment protection licensing and revenue protection.

Prior to working in environmental regulation, Mr Fowler spent five years in environmental consultancy, working in a range of industrial facilities across Australia.

Director, South: Gary Whytcross

Gary Whytcross, the EPA's Director, South, grew up on a dairy farm in western Victoria and has extensive experience across scientific, policy and operational areas in Victoria, the ACT and NSW.

In Victoria, Mr Whytcross worked in the dairy processing industry, making and testing dairy products and designing and managing an effluent reuse system. In 1984, he moved to the ACT where he worked in laboratories, managing the territory's water quality monitoring programs before working on policy for pesticides and hazardous chemicals and overseeing the water compliance programs of the ACT Pollution Control Authority.

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

Recent roles have included a period in the Minister's office, Director of the EPA Establishment Team and Acting Director, Stakeholder Engagement and Governance.

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

Director, North: Gary Davey

Gary Davey is the Director, North for the EPA and has had extensive experience in both Victoria and NSW working in policy and operational areas.

In Victoria, Mr Davey was involved in policy development on kangaroo management, wildlife possession and trade, Aboriginal access to wildlife, pest animal and weed control and pesticides regulation. He also spent some time in the water resource policy area.

In 1996, Mr Davey moved to NSW, where he managed the threatened species unit in the NPWS Northern Zone, based at Coffs Harbour. In 1999, he was appointed Manager, Northern Conservation Programs and Planning Division, overseeing its input to strategic land-use planning, threatened species planning and regulation, new park and wilderness assessments and regulation of Aboriginal heritage. This was followed by his appointment to the Director, North East position which also included the responsibilities for EPA functions.

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

Staff statistics

EPA Senior Executive Service officers

| Band | 2013–14 | | Totals |
|------------------------------|----------------|-------------|---------------|
| | Female | Male | |
| Band 4 Secretary | 0 | 0 | 0 |
| Band 3 (Deputy Secretary) | 0 | 1 | 1 |
| Band 2 (Executive Secretary) | 0 | 1 | 1 |
| Band 1 Director | 3 | 13 | 16 |
| Totals | 3 | 15 | 18 |

Average remuneration of senior executives

| Band | Range | Average remuneration 2013–14 |
|------------------------------|---------------------|------------------------------|
| Band 4 Secretary | \$422,501–\$488,100 | – |
| Band 3 (Deputy Secretary) | \$299,751–\$422,500 | \$422,500 |
| Band 2 (Executive Secretary) | \$238,301–\$299,750 | \$279,000 |
| Band 1 Director | \$167,100–\$238,300 | \$193,020 |

The percentage of total employee-related expenditure of senior executives was 8.76%.

EPA staff by category

| Total staff by category (head count)* | 30 June 2012 | 30 June 2013 | 30 June 2014 |
|---------------------------------------|--------------|--------------|--------------|
| Permanent full-time | 337 | 341 | 370 |
| Permanent part-time | 25 | 26 | 33 |
| Temporary full-time | 59 | 58 | 55 |
| Temporary part-time | 10 | 15 | 14 |
| Casual | 1 | 0 | 0 |
| Total | 432 | 440 | 472 |

* Head count numbers include all EPA employees by classification.

EPA employees by location

| Total staff by location (head count)* | 30 June 2012 | 30 June 2013 | 30 June 2014 |
|---------------------------------------|--------------|--------------|--------------|
| Sydney metropolitan area | 309 | 319 | 342 |
| Regional areas | 123 | 121 | 130 |
| Total | 432 | 440 | 472 |

* Head count numbers include all EPA employees by classification.

Staff representation levels for workforce diversity groups

Statistics include EPA staff and is based on a head count. The EPA does not report on staff attached to the Minister's office or board and committee members.

Trends in the representation of workforce diversity groups

| % of total staff | | | | |
|--|------------------|--------------|--------------|--------------|
| Workforce diversity group | Benchmark/target | 30 June 2012 | 30 June 2013 | 30 June 2014 |
| Women | 50% | 49.8% | 50.5% | 51.9% |
| Aboriginal people and Torres Strait Islanders | 2.6% | 1.3% | 0.8% | 0.8% |
| People whose first language was not English | 19.0% | 12.0% | 12.2% | 12.3% |
| People with a disability | n/a | 4.6% | 4.0% | 4.8% |
| People with a disability requiring a work-related adjustment | 1.5% | 1.6% | 1.9% | 1.8% |

Trends in the distribution of workforce diversity groups

| Distribution index* for total staff | | | | |
|--|------------------|--------------|--------------|--------------|
| Workforce diversity group | Benchmark/target | 30 June 2012 | 30 June 2013 | 30 June 2014 |
| Women | 100 | 88 | 88 | 90 |
| Aboriginal people and Torres Strait Islanders | 100 | n/a** | n/a | n/a |
| People whose first language was not English | 100 | 95 | 95 | 95 |
| People with a disability | 100 | 105 | n/a | 99 |
| People with a disability requiring a work-related adjustment | 100 | n/a | n/a | n/a |

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

** The distribution index is not calculated where the workforce diversity group or non-workforce diversity group members are less than 20.

Exceptional movements in wages, salaries or allowances

There were no exceptional movements in wages, salaries or allowances in 2013–14. All increases to wages, salaries or allowances have been consistent with NSW Government Wages Policy.

Privacy management plan

The EPA works to protect the privacy of staff and clients. The EPA has adopted the Office of Environment and Heritage (OEH) *Privacy Management Plan*, which details the privacy principles the EPA follows when dealing with personal information.

The OEH *Privacy Management Plan* and guidelines, which were reviewed this year, outline how the EPA complies with the principles of the *Privacy and Personal Information Protection Act 1998* (PIPP Act) and *Health Records and Information Privacy Act 2002*.

The EPA received no applications for access to personal information, privacy complaints or reviews under Part 5 of the PPIP Act.

Overseas visits

| Name | Destination | Purpose | Dates |
|-----------------|-------------|---|---------------------|
| Andrew Mitchell | New Zealand | Attend Australia and NZ School of Government Executive Master of Public Administration workshop | 22–26 November 2013 |

Shared governance and essential services

OEH provides corporate and other essential services to the EPA. To facilitate this arrangement, a Service Agreement between OEH and the EPA was developed and commenced on 1 August 2012.

The following EPA statutory reporting requirements are covered by a shared service arrangement and will be reported in *OEH Annual Report 2013–14*:

- occupational health and safety
- personnel policies and practices
- industrial relations policies and practices
- Disability Action Plan
- Multicultural Policies and Services Program
- workforce diversity
- agreements with the Community Relations Commission
- Waste Reduction and Purchasing Policy
- requirements arising from employment arrangements
- digital information security.

Legal

Legislation and legal change

Acts administered by the EPA

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

The EPA administered the following Acts between 1 July 2013 and 30 June 2014:

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

New and amending Acts

The following Act was assented to in 2013–14:

- *Protection of the Environment Operations Amendment (Illegal Waste Disposal) Act 2013 No. 60*

New and amending Regulations

The following Regulations were made or re-made in 2013–14:

- Contaminated Land Management Regulation 2013 No. 491
- Dangerous Goods (Road and Rail Transport) Regulation 2014 No. 398
- Protection of the Environment Operations (Clean Air) Amendment (Miscellaneous) Regulation 2013 No. 663
- Protection of the Environment Operations (Clean Air) Amendment (Prescribed Storage Tanks) Regulation 2014 No. 16
- Protection of the Environment Operations (General) Amendment (Glebe Island) Regulation 2013 No. 749
- Protection of the Environment Operations (General) Amendment (Licensing Fees) Regulation 2014 No. 241
- Protection of the Environment Operations (General) Amendment (Native Forest Bio-material) Regulation 2013 No. 94
- Protection of the Environment Operations (General) Amendment (Royal Botanic Gardens and Domain Trust) Regulation 2013 No. 451
- Protection of the Environment Operations (Waste) Amendment (Coal Washery Rejects Levy) Regulation 2014 No. 83
- Protection of the Environment Operations (Waste) Amendment (Contributions) Regulation 2013 No. 497

Legislation under which EPA authorised officers exercise their powers

- *Contaminated Land Management Act 1997*
- *Dangerous Goods (Road and Rail Transport) Act 2008*
- *Environmentally Hazardous Chemicals Act 1985*
- *Marine Parks Act 1997*
- *National Parks and Wildlife Act 1974*
- *Native Vegetation Act 2003*
- *Ozone Protection Act 1989*
- *Pesticides Act 1999*
- *Protection of the Environment Operations Act 1997*
- *Radiation Control Act 1990*
- *Threatened Species Conservation Act 1995*
- *Waste Avoidance and Resource Recovery Act 2001*
- *Wilderness Act 1987*

Infringements

| Infringement type | EPA | | Other NSW Government* | | Local government | |
|--|--------------|--------------------|-----------------------|------------------|------------------|--------------------|
| | No. | \$ | No. | \$ | No. | \$ |
| Contaminated Land | 1 | \$500 | – | – | – | – |
| Dangerous Goods: All offences | 29 | \$62,120 | 38 | \$69,650 | – | – |
| EP&A Act planning infringements | – | – | 10 | \$30,000 | 17 | \$45,000 |
| Native Vegetation: All offences | 2 | \$8,800 | 11 | \$40,700 | – | – |
| Pesticides: All offences | 28 | \$16,800 | – | – | – | – |
| POEO Air: Motor vehicle – other air | 43 | \$12,900 | – | – | – | – |
| POEO Air: Motor vehicle – smoky | 296 | \$543,800 | 1 | \$300 | – | – |
| POEO Air: Non-motor vehicle (control of burning) | 1 | \$500 | 7 | \$3,500 | 58 | \$31,000 |
| POEO Air: Non-motor vehicle (emission of air impurities or odours from premises) | 9 | \$13,500 | 2 | \$400 | 17 | \$23,250 |
| POEO Land pollution and waste | 27 | \$54,500 | 4 | \$3,000 | 924 | \$982,750 |
| POEO Land pollution and waste: asbestos/hazardous | 4 | \$11,000 | – | – | 21 | \$36,500 |
| POEO Littering: Aggravated litter – motor vehicle | – | – | 49 | \$18,375 | 54 | \$21,375 |
| POEO Littering: Aggravated litter – non-motor vehicle | 2 | \$750 | 48 | \$18,000 | 33 | \$13,125 |
| POEO Littering: Motor vehicle | 498 | \$108,000 | 437 | \$87,600 | 1,554 | \$328,000 |
| POEO Littering: Non-motor vehicle | – | – | 1,102 | \$186,260 | 1,600 | \$171,060 |
| POEO Noise: Motor vehicle | 162 | \$45,100 | 293 | \$58,150 | 5 | \$800 |
| POEO Noise: Non-motor vehicle | 1 | \$400 | 456 | \$92,000 | 8 | \$3,400 |
| POEO Other offences, e.g. contravene licence conditions | 112 | \$159,250 | 1 | \$750 | 517 | \$385,250 |
| POEO Water: All offences | 17 | \$24,000 | 6 | \$4,500 | 410 | \$523,500 |
| Radiation | 2 | \$2,500 | – | – | – | – |
| Total | 1,234 | \$1,064,420 | 2,465 | \$613,185 | 5,218 | \$2,565,010 |

* Includes all non-EPA environment-related organisations, such as the Office of Environment and Heritage, National Parks and Wildlife Service, Royal Botanic Gardens, parklands trusts, etc.

Prosecutions

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

Of the 119 prosecutions commenced by OEH in 2013–14, 90 were in the name of the EPA. Eighty-five prosecutions were completed by OEH in 2013–14 with 59 of them for offences prosecuted in the name of the EPA. These 59 prosecutions resulted in:

- 54 convictions
- two matters where the offence was proven but a conviction was not recorded
- three acquittals.

Prosecutions completed under EPA legislation

Details of prosecutions completed under EPA legislation are recorded below. OEH prosecutions completed during 2013–14 are recorded in the appendices to *OEH Annual Report 2013–14*.

In the prosecutions table 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.

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

Tier 1 offences

No Tier 1 offence prosecutions were completed during 2013–14.

Tier 2 offences

| Defendant | Charge | Result/penalty | Court |
|--|---|---|--------------|
| Protection of the Environment Operations Act 1997 | | | |
| AJL Group Pty Ltd | Littering | \$400 | Blacktown LC |
| Atlantic Pacific Foods Pty Ltd | Pollute waters | \$15,000 Ordered to pay investigation costs of \$15,000 | Newcastle LC |
| Bulga Coal Management Pty Ltd | Pollute waters | \$65,000 | LEC |
| Bulga Coal Management Pty Ltd | Failure to notify a pollution incident that caused or threatened material harm to the environment | Acquitted | LEC |
| Coal & Allied Operations Pty Ltd | Pollute waters | \$45,000 Ordered to publicise details of the offence in the <i>Singleton Argus</i> , <i>Newcastle Herald</i> and <i>Australian Mining Monthly Magazine</i> | LEC |

| Defendant | Charge | Result/penalty | Court |
|--|---|--|------------|
| Du Pont (Australia) Ltd | Pollute land | Acquitted | LEC |
| Forbes Shire Council | Pollute waters | \$130,000 | LEC |
| Forbes Shire Council | Failure to notify a pollution incident that caused or threatened material harm to the environment | \$35,000 | LEC |
| Forestry Commission of New South Wales | Pollute waters | Ordered to pay \$28,000 to the Office of Environment and Heritage for high-resolution mapping of a threatened ecological community in south-eastern NSW | LEC |
| Froma Court No. 2 Pty Ltd | Undertake scheduled activity without a licence | \$7,500 | Orange LC |
| Greater Taree City Council | Pollute waters | Ordered to pay \$37,500 towards the Taree Urban Waterways Riparian Regeneration Project and to publicise details of the offence in the <i>Manning River Times</i> . Also ordered to pay investigation costs of \$20,492. | LEC |
| Hercules Group Pty Ltd | Pollute waters | Acquitted | Orange LC |
| Hitchings, Peter John | Littering | \$220 | Woy Woy LC |
| Land Foam Australia Pty Ltd | Undertake scheduled activity without a licence | \$3,000 | LEC |
| MA Roche Group Pty Ltd | Pollute waters | \$15,000 Ordered to publicise details of the offence in the <i>Port Macquarie Independent</i> , <i>Port Macquarie News</i> , <i>Port Macquarie Express</i> or <i>Newcastle Herald</i> , <i>The Land</i> , <i>Manning River Times</i> and <i>Manning Great Lakes Extra</i> . Also ordered to pay investigation costs of \$7,350. | LEC |

| Defendant | Charge | Result/penalty | Court |
|--------------------------------|--|---|---------------|
| MA Roche Group Pty Ltd | Pollute waters | \$7,000 Ordered to publicise details of the offence in the <i>Port Macquarie Independent</i> , <i>Port Macquarie News</i> , <i>Port Macquarie Express</i> or <i>Newcastle Herald</i> , <i>The Land</i> , <i>Manning River Times</i> and <i>Manning Great Lakes Extra</i> . Also ordered to pay investigation costs of \$7,350. | LEC |
| Mooney, Robin Michael | Littering | \$200 | Wollongong LC |
| Peak Gold Mines Pty Ltd | Pollute waters | Ordered to pay \$50,000 to Cobar Shire Council to contribute to the expansion of its effluent reuse project and ordered to publicise the details of the offence in <i>The Sydney Morning Herald</i> , <i>Dubbo Daily Liberal</i> and <i>Cobar Weekly</i> . Also ordered to pay investigation costs of \$4,567. | LEC |
| Port Waratah Coal Services Ltd | Pollute waters | \$15,000 | Newcastle LC |
| Port Waratah Coal Services Ltd | Pollute waters | \$25,000 Ordered to publicise details of the offence in the <i>Newcastle Herald</i> | Newcastle LC |
| Roche, Mark | Obstruct an authorised officer | \$5,000 | LEC |
| Siracusa, Mark Anthony | Unlawful use of land as a waste facility | \$2,000 | Queanbeyan LC |
| Siracusa, Michael Brendan | Unlawful use of land as a waste facility | \$2,000 | Queanbeyan LC |

Protection of the Environment Operations (Clean Air) Regulation 2010

| | | | |
|---------------------------------------|---------------|-------|-----------------|
| Andrews Transport Group Pty Ltd | Smoky vehicle | \$700 | Kogarah LC |
| Carnly Holdings Pty Ltd | Smoky vehicle | \$700 | Fairfield LC |
| Claphams Furniture & Antiques Pty Ltd | Smoky vehicle | s.10 | North Sydney LC |
| Dennaoui, Michael | Smoky vehicle | \$700 | Kogarah LC |
| Dickson, Graeme John | Smoky vehicle | \$500 | Kogarah LC |
| DSM Logistics Pty Ltd | Smoky vehicle | \$750 | Kogarah LC |

| Defendant | Charge | Result/penalty | Court |
|----------------------------------|---------------|--|--------------|
| ENG Haulage Contracting Pty Ltd | Smoky vehicle | \$2,000 | Kogarah LC |
| Eldan Enterprises (NSW) Pty Ltd | Smoky vehicle | \$2,000 | Kogarah LC |
| G & K Psakis Transport Pty Ltd | Smoky vehicle | \$1,000 | Kogarah LC |
| Hassanein, Ammar Kamel | Smoky vehicle | \$2,000* | Burwood LC |
| Japan Direct Motor Sport Pty Ltd | Smoky vehicle | \$900 | Kogarah LC |
| Jordy's Holdings Pty Ltd | Smoky vehicle | \$2,000 | Burwood LC |
| Justin's Transport Pty Ltd | Smoky vehicle | \$800 | Kogarah LC |
| Kearney, Leslie Jeffrey | Smoky vehicle | \$900 | Kogarah LC |
| Kearney, Leslie Jeffrey | Smoky vehicle | \$900 | Kogarah LC |
| Lam, Van Do | Smoky vehicle | \$400 | Kogarah LC |
| Lea Valley Transport Pty Ltd | Smoky vehicle | \$800 | Kogarah LC |
| Popescu, Eugen Corneliu | Smoky vehicle | \$750 | Burwood LC |
| Punchbowl Bus Co Pty Ltd | Smoky vehicle | s.10 Ordered to enter into a nine-month good behaviour bond | Kogarah LC |
| Raytons (NSW) Pty Ltd | Smoky vehicle | \$2,500 | Kogarah LC |
| Raytons (NSW) Pty Ltd | Smoky vehicle | \$2,500 | Kogarah LC |
| Reggies On The Run Pty Ltd | Smoky vehicle | \$750 | Burwood LC |
| SW Australian Transport Pty Ltd | Smoky vehicle | \$500 | Burwood LC |
| Smarlamakis, Steven | Smoky vehicle | \$800 | Burwood LC |
| Swift Transport Pty Ltd | Smoky vehicle | \$1,000 | Kogarah LC |

* Fine reduced to \$1,000 on 1 July 2014

Non-tier offences

| Defendant | Charge | Result/penalty | Court |
|-----------|--------|----------------|-------|
|-----------|--------|----------------|-------|

Dangerous Goods (Road and Rail Transport) Regulation 2009

| | | | |
|--------------------------|---|---------|-----------------|
| Brock, Charles Colin | Transport dangerous goods inappropriately placarded | \$400 | Campbelltown LC |
| Brock, Charles Colin | Transport a placard load of dangerous goods not in accordance with Chapter 8.1 of the ADG Code | \$100 | Campbelltown LC |
| Brock, Charles Colin | Transport dangerous goods not segregated from incompatible goods | \$100 | Campbelltown LC |
| Brock, Charles Colin | Transport a placard load of dangerous goods without an emergency information holder | \$100 | Campbelltown LC |
| Brock, Charles Colin | Transport a placard load of dangerous goods without required safety equipment | \$100 | Campbelltown LC |
| NJA Transport Pty Ltd | Transport a placard load of dangerous goods without fire extinguishers and portable warning devices | \$5,000 | Lithgow LC |
| NJA Transport Pty Ltd | Transport a placard load of dangerous goods without required safety equipment | \$5,000 | Lithgow LC |

National Parks and Wildlife Act 1974

| | | | |
|---|--------------------------|--|-----|
| Forestry Commission of New South Wales | Breach licence condition | Ordered to pay \$7,000 to the Office of Environment and Heritage for high-resolution mapping of a threatened ecological community in south-eastern NSW | LEC |
|---|--------------------------|--|-----|

Pesticides Act 1999

| | | | |
|------------------------|---|--|-----------|
| Bell, Clark Lennard | Use pesticide on non-target animals | \$3,500 Ordered to pay investigation costs of \$2,500 | Mudgee LC |
| Bell, Clark Lennard | Use restricted pesticide | \$0 | Mudgee LC |
| Bell, Clark Lennard | Fail to read pesticide label prior to use | \$0 | Mudgee LC |

Total value of prosecutions under EPA legislation

| | |
|---|-----------|
| Fines | \$412,470 |
| Other financial penalties (excluding costs) | \$122,500 |
| Total fines and other financial penalties | \$534,970 |

Prosecution case studies

Bulga Coal Management Pty Ltd: water pollution

In May 2014, Bulga Coal Management Pty Ltd was convicted in the Land and Environment Court for polluting waters. The incident occurred in October 2011 when a pipe broke on the mine site, causing liquid containing coal tailings to overflow into Nine Mile Creek. The waterway was covered in coal tailings up to half a metre deep for about 400 metres. The company was fined \$65,000 and ordered to pay the prosecutor's costs and investigation costs.

Forbes Shire Council: water pollution and failure to notify

In March 2014, Forbes Shire Council was convicted in the Land and Environment Court for polluting waters and for failing to immediately notify the EPA of a pollution incident that caused or threatened material harm to the environment. The incident occurred between June and July 2012, when the council pumped water, which had previously been overflowing from an effluent dam at the Livestock Exchange, onto an irrigation area and adjoining land. The effluent then flowed across a paddock, along a drainage line and into three livestock dams on a neighbouring property. Forbes Council was fined \$130,000 for polluting waters and \$35,000 for failing to notify the EPA of the incident and ordered to pay the prosecutor's costs of \$47,000.

Forestry Commission of New South Wales (Forests NSW): water pollution and breach threatened species licence

In July 2013, Forests NSW was convicted in the Land and Environment Court for polluting waters and breaching a condition of its threatened species licence. The offences occurred between May and June 2011 when Forests NSW lit a hazard reduction burn in Mogo State Forest which burnt a number of environmentally sensitive areas protected under the licence. These areas included habitat of threatened species and a riparian zone. Runoff of dirt and ash from the burn resulted in the pollution of Deep Creek, Waterfall Creek and Mundarlow Creek. Forests NSW was convicted of the offences and was ordered to pay a penalty of \$35,000 to be applied towards a project to develop high-resolution mapping of a threatened ecological community in south-eastern NSW. Forests NSW was also ordered to pay the prosecutor's costs of \$48,000.

Peak Gold Mines Pty Ltd: water pollution

In September 2013, Peak Gold Mines Pty Ltd was convicted in the Land and Environment Court for polluting waters. The incident occurred in November and December 2011 when about 53.5 cubic metres of mine tailings containing cyanide and heavy metals were discharged into a clean water drain during an upgrade by contractors of the mine's tailings storage facility. The company was convicted and ordered to pay \$50,000 to Cobar Shire Council for the expansion of its effluent reuse scheme as well as the prosecutor's costs of \$52,000 and investigation costs of \$4,567. The Court also required the company to publicise the details of the offence in the *Cobar Weekly*, *Dubbo Daily Liberal* and *The Sydney Morning Herald*.

Enforceable undertakings under EPA legislation

Enforceable undertakings are an adjunct to prosecutions and are available to the EPA in dealing with environmental incidents. The EPA negotiated three enforceable undertakings in 2013–14, which resulted in a total of \$280,000 being paid to environmental projects.

Enforceable undertaking case study

AGL Upstream Investments Pty Ltd

In August 2013, AGL Upstream Investments Pty Ltd entered into an enforceable undertaking with the EPA. The company operates the Rosalind Park gas plant at Gilead on the south-western outskirts of Sydney. Investigations by the EPA indicated that AGL had not complied with several environment protection licence conditions in relation to the continuous monitoring of air emissions between 2009 and 2012. AGL agreed to install new air monitoring equipment, review its monitoring requirements and change its reporting and auditing systems to bring the premises back into line with its licensed requirements. AGL also agreed to pay \$150,000 to the University of Western Sydney for an environmental education and management project as well as the EPA's investigation and legal costs of \$10,000.

Licence reviews under section 78

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

Section 78 of the POEO Act also outlines the method for public notification of the review by specifying that the EPA must:

- place a notice of the review of each licence in a newspaper circulating throughout the state
- place the notice in a newspaper not less than one month and not more than six months before the review of the licence is undertaken
- detail in the notice the activity or work to which the licence relates and the address of the premises (if any) at which the activity is carried out.

In 2013–14, a total of 589 licences were due for review. Of these, the EPA completed 581 by the due date, with eight completed late. The table below shows details of licence reviews for each financial year from 2011–12.

| Year | Licence reviews | Licence reviews completed by due date | Licence reviews completed late |
|---------|-----------------|---------------------------------------|--------------------------------|
| 2011–12 | 213 | 187 | 26 |
| 2012–13 | 213 | 197 | 16 |
| 2013–14 | 589 | 581 | 8 |

The reviews not completed on time were delayed as a result of complex regulatory issues, including legal action and resources being directed to licences considered to be a higher risk. In accordance with section 78(3) of the POEO Act, the EPA Board has been advised of these results.

A review this year of the notice used for advertising licence reviews found that it did not strictly comply with all the requirements of section 78 of the POEO Act. In accordance with section 78(3) of the POEO Act, the EPA Board has been advised of this issue.

Helping others

Grants

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

Business Recycling Fund

Bin Trim Business Program

Bin Trim Business grants provide funding for waste 'bin trim' assessments for small business to identify opportunities to increase recycling and reduce waste to landfill. Projects awarded under this program run over multiple financial years.

The details below show grants approved during 2013–14, with payments made on a milestone basis. During 2013–14, this amounted to a total of \$2,382,309 in payments.

| Recipient | Amount of grant approved |
|---|---------------------------------|
| 360 Green | \$141,438 |
| A Prince Consulting Pty Ltd | \$82,380 |
| Albury City Council (with Corowa and Greater Hume Councils) | \$160,814 |
| Belinda Evans | \$220,501 |
| Better Business Partnership | \$246,744 |
| City of Canada Bay | \$126,800 |
| Cool Planet Energy Pty Ltd | \$250,000 |
| EC Focus Pty Ltd t/as Energy Conservation | \$119,165 |
| Edge Environment | \$187,600 |
| Ethnic Communities Council of NSW | \$130,000 |
| Footprint Energy | \$217,000 |
| Handybin Waste Services (Coffs Harbour) Pty Ltd | \$122,330 |
| Impact Environmental Consulting Pty Ltd | \$113,000 |
| JR Richards & Sons | \$250,000 |
| KMH Group | \$250,000 |
| Mil-tek Waste Solutions Pty Ltd | \$202,338 |
| MRA Consulting Group | \$250,000 |
| North East Waste c/- Lismore City Council | \$147,180 |
| NSW Glass & Glazing Association | \$111,965 |
| Rana Environmental Pty Ltd | \$96,645 |
| Relivit Pty Ltd | \$101,705 |
| Remondis Australia Pty Ltd | \$250,000 |
| Riverina Eastern Regional Organisation of Councils (REROC) | \$156,150 |
| SITA Australia Pty Ltd | \$250,000 |
| Transpacific Industries Pty Ltd t/as Cleanaway | \$249,998 |
| Waste Audit & Consultancy Services | \$250,000 |
| Waverley Council | \$80,865 |
| Total | \$4,764,617 |

Industrial Ecology Network grants

This grants program aims to establish six industrial ecology networks across NSW to work with 1000 medium-to-large enterprises to divert 160,000 tonnes of waste from landfill and generate \$21 million in additional income and savings for participating businesses. The program focuses on the reuse of waste items currently being sent to landfill, including food, paper and cardboard, and wood and plastics. Projects awarded under this program run over the 2013–14 and 2014–15 financial years.

The details below show grants approved during 2013–14, with payments made on a milestone basis. During 2013–14, this amounted to a total of \$487,189 in payments.

| Recipient | Amount of grant approved |
|---|--------------------------|
| Edge Environment Pty Ltd | \$283,000 |
| Mike Ritchie and Associates Pty Ltd | \$122,000 |
| Resource Recovery Australia – North Coast | \$270,600 |
| Resource Recovery Australia – South East | \$362,225 |
| Skillset | \$233,140 |
| WildBlue Global Consulting | \$353,000 |
| Total | \$1,623,965 |

Australian Packaging Covenant

The Australian Packaging Covenant is a co-regulatory scheme between industry, the Commonwealth and state governments to reduce the environmental impacts of packaging by increasing recycling, reducing litter and improving packaging design. The EPA contributes to the delivery of grants to increase recycling and reduce litter that are administered by the Australian Packaging Covenant.

Projects awarded under this program run over more than one financial year. The details below show grants approved during 2013–14, with payments made on a milestone basis. During 2013–14, this amounted to a total of \$440,391 in payments. This included \$339,200 from external funding (from a grant the EPA received from the Australian Packaging Covenant) and \$101,190 from recurrent funding.

| Recipient | Amount of grant approved |
|---------------------------------|--------------------------|
| AMP Capital Shopping Centres | \$90,000 |
| Australian Turf Club | \$48,155 |
| Green Money Pty Ltd | \$10,500 |
| GRS (Glass Recovery Services) | \$1,062,500 |
| Quality Logistic Services (QLS) | \$102,500 |
| RED Group | \$254,250 |
| Total | \$1,567,905 |

Illegal dumping grants

Charitable Recyclers Pilot Program

The aims and objectives of the Charitable Recyclers Pilot Program are to support partnership projects involving charities, local councils and the EPA to trial various intervention methods to reduce the costly dumping of unwanted goods at charity op shops and bins. Projects awarded under this program may run over multiple financial years.

The details below show grants approved during 2013–14, with payments made on a milestone basis. During 2013–14, this amounted to a total of \$71,750 in payments.

| Recipient | Amount of grant approved |
|---|---------------------------------|
| Armidale Dumaresq Council, Lifeline, Salvation Army, St Vincent de Paul | \$20,000 |
| St Vincent de Paul: Parramatta | \$1,000 |
| Environment Division: Hunter Council, St Vincent de Paul: Hunter | \$19,930 |
| House With No Steps | \$18,570 |
| Thorndale | \$1,000 |
| Simply Stronger Communities | \$3,013 |
| St Vincent de Paul: Brookvale | \$13,000 |
| Mission Australia, Wollongong Council | \$19,487 |
| Total | \$96,000 |

Clean-Up and Prevention Program

The aims and objectives of the Clean-Up and Prevention Program are to provide funding for local councils and other public land managers to identify local illegal dumping sites and implement prevention and clean-up action to combat the problem.

The details below show grants approved with all payments made during 2013–14.

| Recipient | Amount of grant approved |
|--|---------------------------------|
| Albury City Council and Greater Hume Council | \$124,432 |
| Armidale Dumaresq Councils | \$90,000 |
| Bankstown City Council | \$62,460 |
| Belmont Wetlands State Park Trust | \$45,100 |
| Blue Mountains City Council | \$53,350 |
| Hunter Development Corporation | \$150,000 |
| Hurstville City Council | \$124,000 |
| Lake Macquarie City Council | \$144,492 |
| Moree Plains Shire Council | \$100,156 |
| North East Waste | \$95,042 |
| NPWS Lower Hunter Area | \$141,750 |
| NPWS Tumut | \$100,156 |
| Port Stephens Council | \$100,000 |
| Southern Councils Group | \$127,000 |
| Wyong Shire Council | \$100,156 |
| Total | \$1,558,094 |

Householders' Asbestos Disposal Scheme

The Householders' Asbestos Disposal Scheme aims to minimise the burden on householders who want to do the right thing with their asbestos waste by offsetting the collection and transport costs for small residential amounts of the waste.

The details below show grants approved with all payments made during 2013–14.

| Recipient | Amount of grant approved |
|--------------------------|--------------------------|
| Blacktown City Council | \$435,000 |
| Kempsey Shire Council | \$20,000 |
| Kogarah City Council | \$130,000 |
| Lismore City Council | \$65,000 |
| Shoalhaven City Council | \$90,000 |
| Wagga Wagga City Council | \$41,000 |
| Total | \$781,000 |

Litter Prevention Grants Program

Council Litter Prevention grants

Council Litter Prevention grants aim to fund local government projects that target the most littered materials and litter hot spots in NSW. Projects will integrate a range of strategies, including enforcement, infrastructure and education, and use such EPA-developed tools and resources as *Hey Tosser!* and *Local Litter Check*. Projects awarded under this program may run over multiple financial years.

The details below show grants approved during 2013–14, with payments made on a milestone basis. During 2013–14, this amounted to a total of \$2,072,277 in payments.

| Round 1 Council Litter Prevention grants | |
|--|--------------------------|
| Recipient | Amount of grant approved |
| Albury City Council | \$25,000 |
| Blacktown City Council | \$30,000 |
| Canada Bay Council | \$30,000 |
| Canterbury Council | \$30,000 |
| Cessnock Council | \$22,630 |
| Hunters Hill Council | \$25,000 |
| Lismore Council | \$25,000 |
| Penrith City Council | \$25,000 |
| Ryde Council | \$30,000 |
| Tamworth Council | \$30,000 |
| The Hills Shire Council | \$25,000 |
| Uralla Council | \$30,000 |
| Wollongong City Council | \$25,000 |
| Wyong Shire Council | \$25,000 |
| Total | \$377,630 |

| Round 2 Council Litter Prevention grants | |
|---|---------------------------------|
| Recipient | Amount of grant approved |
| Bankstown City Council | \$124,585 |
| Bathurst Regional Council | \$93,000 |
| Blacktown City Council | \$90,000 |
| Brewarrina Shire Council | \$10,850 |
| Canada Bay Council | \$26,026 |
| Canterbury City Council | \$50,000 |
| Central West Local Government Alliance | \$45,521 |
| Cooks River Alliance | \$110,500 |
| Dubbo City Council | \$48,420 |
| Eurobodalla Shire Council | \$29,820 |
| Fairfield City Council | \$78,000 |
| Hawkesbury City Council | \$90,630 |
| Holroyd City Council | \$77,011 |
| Kiama Municipal Council | \$124,430 |
| Ku-ring-gai Council | \$72,943 |
| Kyogle Council | \$65,000 |
| Lithgow City Council | \$50,000 |
| Maitland City Council | \$28,055 |
| Manly Council | \$90,000 |
| Muswellbrook Shire Council | \$25,000 |
| NetWaste | \$64,850 |
| NEWaste | \$69,610 |
| Parramatta City Council | \$123,642 |
| Port Stephens Council | \$60,000 |
| RAMROC Riverina Waste Group | \$60,000 |
| Southern Councils Group | \$93,000 |
| Southern Sydney Regional Organisation of Councils | \$124,990 |
| Uralla Shire Council | \$122,516 |
| Wagga Wagga | \$26,600 |
| Wollongong City Council | \$105,000 |
| Wyong Shire Council | \$117,000 |
| Total | \$2,296,999 |

Community Litter Prevention grants

The aims and objectives of Community Litter Prevention grants are to fund community-based projects that build partnerships, target litter hot spots and empower communities to take action in their local neighbourhoods. This grant project will run over multiple financial years.

The details below show grants approved during 2013–14, with payments made on a milestone basis. During 2013–14, this amounted to a total of \$380,305 (excluding GST) in payments.

| Recipient | Amount of grant approved |
|--------------------------------|--------------------------|
| Keep New South Wales Beautiful | \$543,293 |

Local Government Waste and Resource Recovery Program

Better Waste and Recycling Fund

The Better Waste and Recycling Fund aims to help local councils make it easier for their communities to reduce waste to landfill and recycle more. The fund supports a broad range of projects that improve recycling and community engagement, reduce waste generation, tackle litter and illegal dumping, and contribute to achieving the targets in the NSW Waste Avoidance and Resource Recovery Strategy.

The details below show grants approved with all payments made during 2013–14.

| Recipient | Amount of grant approved |
|-----------------------------|--------------------------|
| Ashfield Municipal Council | \$151,163 |
| Auburn City Council | \$227,445 |
| Ballina Shire Council | \$145,654 |
| Bankstown City Council | \$461,879 |
| Bellingen Council | \$87,164 |
| Blacktown City Council | \$719,604 |
| Blue Mountains City Council | \$223,853 |
| Botany Bay Council | \$148,374 |
| Burwood Council | \$132,502 |
| Byron Shire Council | \$124,808 |
| Camden Council | \$186,201 |
| Campbelltown Council | \$377,245 |
| Canada Bay Council | \$231,137 |
| Canterbury Council | \$365,038 |
| Cessnock Council | \$171,142 |
| Clarence Valley Council | \$167,110 |
| Coffs Harbour City Council | \$207,873 |
| Dungog Shire Council | \$78,608 |
| Fairfield City Council | \$472,124 |
| Gloucester Shire Council | \$70,972 |
| Gosford City Council | \$412,347 |

| Recipient | Amount of grant approved |
|---------------------------------|---------------------------------|
| Great Lakes Council | \$135,125 |
| Greater Taree Council | \$160,889 |
| Hawkesbury Council | \$194,597 |
| Hills Shire Council | \$434,522 |
| Holroyd City Council | \$280,601 |
| Hornsby Shire Council | \$403,138 |
| Hunters Hill Council | \$89,903 |
| Hurstville City Council | \$234,187 |
| Kempsey Shire Council | \$121,152 |
| Kiama Municipal Council | \$103,781 |
| Kogarah City Council | \$184,616 |
| Ku-ring-gai Council | \$302,366 |
| Kyogle Council | \$80,329 |
| Lake Macquarie Council | \$472,151 |
| Lane Cove Council | \$130,547 |
| Leichhardt Council | \$177,405 |
| Lismore City Council | \$152,873 |
| Liverpool City Council | \$457,410 |
| Maitland City Council | \$209,691 |
| Manly Council | \$150,562 |
| Marrickville Council | \$230,074 |
| Mosman Council | \$121,996 |
| Muswellbrook Shire Council | \$95,205 |
| Nambucca Council | \$100,652 |
| Newcastle City Council | \$386,917 |
| North Sydney Council | \$201,092 |
| Parramatta City Council | \$431,067 |
| Penrith City Council | \$448,474 |
| Pittwater Council | \$187,560 |
| Port Macquarie–Hastings Council | \$218,305 |
| Port Stephens Council | \$201,540 |
| Randwick City Council | \$349,757 |
| Richmond Valley Council | \$107,672 |
| Rockdale City Council | \$278,918 |
| Ryde City Council | \$290,463 |
| Shellharbour City Council | \$199,170 |
| Shoalhaven City Council | \$261,694 |
| Singleton Council | \$109,919 |
| Strathfield Council | \$138,721 |

| Recipient | Amount of grant approved |
|-----------------------------|---------------------------------|
| Sutherland Shire Council | \$519,461 |
| Sydney City Council | \$449,767 |
| Upper Hunter Shire Council | \$90,671 |
| Warringah Council | \$372,396 |
| Waverley Council | \$204,638 |
| Willoughby City Council | \$209,830 |
| Wingecarribee Shire Council | \$156,880 |
| Wollondilly Council | \$154,610 |
| Wollongong City Council | \$481,856 |
| Woollahra Council | \$178,814 |
| Wyong Shire Council | \$383,792 |
| Total | \$17,200,000 |

Regional Coordination and Strategy Support Program

The aims and objectives of the Regional Coordination and Strategy Support Program are to provide funding to groups of councils across NSW to support the development of regional waste strategies, fund regional coordinators and undertake locally relevant waste and recycling projects.

Greater Sydney Region

Grant funding was approved for seven Regional Organisations of Councils in the Greater Sydney Region in 2013–14. The grant program runs over four years, with payments made on a milestone basis. During 2013–14, this amounted to a total of \$3,400,000 in payments.

| Recipient | Amount of grant approved |
|---|---------------------------------|
| Hunter Councils Inc. | \$600,000 |
| Macarthur Regional Organisation of Councils (MACROC) | \$600,000 |
| Northern Sydney Regional Organisation of Councils (NSROC) | \$600,000 |
| Southern Councils Group | \$600,000 |
| Southern Sydney Regional Organisation of Councils (SSROC) | \$1,800,000 |
| The Shore Regional Organisation of Councils (SHOROC) | \$600,000 |
| Western Sydney Regional Organisation of Councils (WSROC) | \$1,800,000 |
| Total | \$6,600,000 |

Regional and Rural NSW

Grant funding was approved for the eight Voluntary Regional Waste Groups across regional and rural NSW in 2013–14. The details below show grants approved in 2013–14 with all payments made during 2013–14.

| Recipient | Amount of grant approved |
|--|--------------------------|
| Midwaste | \$300,000 |
| Netwaste | \$600,000 |
| North East Waste (NEWaste) | \$300,000 |
| Northern Inland Regional Waste (NIRW) | \$360,000 |
| Riverina and Murray Regional Organisation of Councils (RAMROC), Murray Waste Group | \$190,000 |
| Riverina and Murray Regional Organisation of Councils (RAMROC), Riverina Waste Group | \$190,000 |
| Riverina East Regional Organisation of Councils (REROC) | \$300,000 |
| South East Resource Recovery Group (SERRG) | \$300,000 |
| Total | \$2,540,000 |

Household Problem Waste Program

Household Clean-Up Program

The Household Clean-Up Program aims to provide support for regional groups of councils outside of regulated areas to hold household hazardous waste collection and treatment events. The details below show grants approved with all payments made during 2013–14.

| Recipient | Amount of grant approved |
|--|--------------------------|
| Netwaste | \$340,000 |
| North East Waste (NEWaste) | \$17,500 |
| Northern Inland Regional Waste (NIRW) | \$32,500 |
| South East Resource Recovery Group (SERRG) | \$197,500 |
| Total | \$587,500 |

Community Recycling Centres Program

The aims and objectives of the Community Recycling Centres Program are to contribute to building community recycling centres for household problematic waste drop-off and collection for recycling. The details below show grants approved with all payments made during 2013–14.

| Recipient | Amount of grant approved |
|-----------------------|--------------------------|
| Port Stephens Council | \$97,500 |

Agricultural and Veterinary Chemicals Program

The aims and objectives of this program are to assist farmers and households to safely dispose of agricultural and veterinary chemicals that cannot be identified or which have sold in the market and are therefore not covered by the industry-run ChemClear product stewardship program. The details below show grants approved with all payments made during 2013–14.

| Recipient | Amount of grant approved |
|-------------------------|--------------------------|
| Agstewardship Australia | \$80,000 |

Wood Smoke Reduction Program

The aims and objectives of the Wood Smoke Reduction Program are to assist councils to educate the public on wood smoke pollution, conduct surveys and undertake enforcement activities on wood smoke pollution.

The details below show grants approved during 2013–14, with payments made on a milestone basis. During 2013–14, this amounted to a total of \$888,291 in payments.

| Recipient | Amount of grant approved |
|---|--------------------------|
| Armidale Dumaresq Council | \$77,000 |
| Bathurst Regional Council | \$65,381 |
| Blacktown City Council | \$35,000 |
| Cabonne Shire Council | \$3,500 |
| Camden Council | \$59,272 |
| Campbelltown City Council | \$17,500 |
| Canada Bay Council | \$10,500 |
| Cooma–Monaro Council | \$21,000 |
| Deniliquin Council | \$14,000 |
| Dubbo City Council | \$51,000 |
| Holroyd City Council | \$10,000 |
| Lake Macquarie City Council | \$31,500 |
| Lithgow City Council | \$35,000 |
| Maitland City Council | \$3,000 |
| Mid North Coast Regional Organisation of Councils | \$29,000 |
| Muswellbrook Shire Council | \$63,000 |
| Orange City Council | \$28,000 |
| Pittwater Council | \$52,500 |
| Port Macquarie–Hastings Council | \$20,000 |
| Queanbeyan City Council | \$21,000 |
| Riverina and Murray Regional Organisation of Councils | \$52,500 |
| Riverina East Regional Organisation of Councils | \$126,000 |
| Shoalhaven City Council | \$10,500 |
| Singleton Shire Council | \$30,100 |
| Strathfield Municipal Council | \$28,000 |
| Warrumbungle Shire Council | \$3,500 |
| Western Sydney Regional Organisation of Councils | \$70,000 |
| Wingecarribee Shire Council | \$24,640 |
| Wollongong City Council | \$11,200 |
| Total | \$1,003,593 |

UV Tanning Scheme

\$7000 was given in grants for the UV Tanning Scheme in 2013–14. The scheme offers \$1000 per machine collected to participating businesses.

Sponsorships

The EPA enters into sponsorships for activities with mutual benefit in achieving or promoting NSW Government and EPA objectives or where the sponsorship builds on and improves the EPA's relationship with local government and the community of NSW.

| Recipient | Amount | Details |
|--|-----------|--|
| Australian Radiation Protection Society Conference | \$5,000 | The Australian Radiation Protection Society is a professional society of members engaged in the safe use of ionising and non-ionising radiation in medicine, pure and applied science, industry and mining. The theme of the 2013 Conference was 'New Horizons: Protecting the future'. An EPA officer presented two papers at the conference. |
| Garage Sale Trail Foundation | \$100,000 | The Garage Sale Trail provides a platform to engage with the community about reuse, recycling and the financial and environmental costs associated with dumping. NSW-wide community participation in 2013 totalled 150,000 people. During 2013–14, the EPA made a total of \$60,000 in milestone payments under this program. |
| HazMat 2014 | \$9,900 | HazMat 2014 was the year's leading conference for the chemical management, dangerous goods and hazardous materials industries, bringing together topical speakers and presentations covering many aspects of these industry sectors. |
| Keep NSW Beautiful Clean Beaches Award | \$28,200 | Sponsorship of the Overall Clean Beach Award 2013 built the profile of the EPA with the community in litter and waste management and recognised excellence in community-led environmental action. |
| Keep NSW Beautiful Litter Congress | \$45,000 | This was the first-ever litter congress held in NSW and was a prime opportunity to raise the profile of litter as an issue. The congress brought together key stakeholders from across the state, Australia and New Zealand to share their knowledge and build partnerships. |

| Recipient | Amount | Details |
|--|------------------|--|
| Local Government Excellence in Environment Awards | \$15,000 | These awards recognise excellence in waste avoidance and reuse and organics and resource recovery and support for them affirms the EPA's commitment to continue to build strong relationships with local councils. |
| Local Government NSW 2014 Conference | \$20,000 | The conference provides an opportunity to strengthen ties and influence council participation in waste reduction and resource recovery initiatives through face-to-face contact with council decision-makers. |
| OzHarvest Feeding the 5000 event | \$10,000 | OzHarvest Feeding the 5000 provided high-level media exposure to the issue of food waste in NSW. The EPA's <i>Love Food, Hate Waste</i> program messages readily align with the OzHarvest campaign where the focus is on avoiding food waste. |
| Waste Contractors and Recyclers Association of NSW (WCRA) Convention | \$6,500 | WCRA represents approximately 95% of the waste management and recycling industry and delivers waste management awareness to its members. EPA sponsorship of the convention was an opportunity to communicate with its members about EPA policies and programs. |
| Waste 2014 Conference | \$15,500 | Sponsorship of the conference provided an opportunity for the EPA to disseminate information about <i>Waste Less, Recycle More</i> programs and engage with stakeholders. |
| Total | \$240,200 | |

Economic and other external factors

This section briefly describes how the broad economic climate has affected EPA operations during 2013–14 and outlines the economic factors that may influence the agency's operation in the near future.

Drivers affecting EPA operations

The EPA's statutory mandate provides for the protection, restoration and enhancement of environmental quality in response to current and emerging pressures on human health and the environment. Pressures have a range of sources, including:

- infrastructure (roads, ports and rail) and utilities
- air, water and noise emissions from the generation of electricity, industrial production and motor vehicles
- the growth of industries needed to meet domestic supply and employment needs
- development and operation of extractive industries like coal seam gas
- waste arising from the consumption of goods
- remediation of contaminated sites to meet residential and commercial demand.

Global commodity prices continue to be the main factor affecting the viability of mining operations. Growth in the global supply of commodities is expected to keep downward pressure on prices, which may result in the closure of some higher cost mines in Australia. Continued strong growth in China should help support NSW coal export volumes. The strength of the Japanese economy has implications for the development of gas extraction in NSW, with 78% of Australia's liquefied natural gas exports currently going to Japan.

In NSW, the tight budgets faced by households make it harder for businesses to pass on increased costs, placing pressure on profit margins. These pressures are partly offset by historically low interest rates that encourage investment by lowering the cost of servicing loans. If the A\$ continues its downward trend, the price of imports will rise relative to local goods and services, favouring domestic production and exports to international markets. Investment in NSW dwelling construction is at a high not seen for almost a decade, due to tight rental markets, recent growth in house prices and low interest rates. To help cut red tape, the EPA is refocusing its licensing efforts on those industries and operators who pose the highest risks to the NSW environment and community.

The housing market has started to pick up in some parts of Australia, especially Sydney. Rising house prices have increased household wealth and, together with low interest rates, have buoyed consumption (which has grown faster than household incomes). Excess demand for housing in Sydney will place pressures on developers to access greenfield sites and remediate previous industrial sites. The EPA will continue to ensure that remediation of contaminated sites addresses the risks posed by previous uses.

Population growth in NSW is slow (1.5% over 2013) with approximately half from natural growth and the rest from migration. Assuming a continued decline in per capita waste generation, the slow population growth is not expected to provide unmanageable growth in waste across NSW. However, the increasing trend for population to be centred around regional centres (including Sydney) poses future challenges for the EPA to minimise the impacts on the quality of air, land and water resources.

Looking ahead

Securing environmental improvements depends to a large degree on sustained economic prosperity. Continued growth of the Australian economy depends on getting the balance right between the dampening effects of fiscal consolidation and falling investment in mining and the stimulus from low interest rates and strong export growth. Low interest rates and growing house prices should support household wealth and encourage further consumption.

This will, in turn, provide a signal for increased non-mining business investment, while mining investment is expected to continue to decline. Higher unemployment is predicted to persist and, together with lower participation rates, is likely to keep wage growth low. This is expected to contain inflationary pressures caused by the higher cost of imports (due to a lower A\$). Household spending will remain sensitive to inflationary pressures, the price of housing and potential rate rises.

Risk management

EPA Finance, Audit and Risk Committee

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

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

- Chris Knoblanche – independent Chair (four-year term of appointment, commencing 18 May 2012)
- Alec Brennan – independent Member 1 (three-year term of appointment, commencing 18 May 2012)
- Ian French – non-independent Member 1 (two-year term of appointment, commencing 12 April 2014).

A quorum consists of two independent members and meetings are held at least four times a year. In 2013–14, this was in August, September, February and May.

The committee meets with both internal and external auditors. Members of the committee are required to understand and observe the requirements of Treasury Circular NSW TC 09/08 August 2009. The Chair of the EPA Board has to complete an attestation statement that indicates all the Treasury requirements are met and this has been included in this report.

The committee's responsibilities include:

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

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

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

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

The committee is required to establish a review mechanism to be carried out at least annually to ensure it continues to deliver on its Finance, Audit and Risk Charter. The review is carried out by way of self-assessment checklists. The committee's self-assessment was completed prior to its August 2014 meeting.

**Internal Audit and Risk Management Statement for the 2013-2014 Financial Year
for 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 place that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Barry Buffier Chair and CEO of the EPA, am of the opinion that the internal audit and risk management processes for the EPA depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister and (b) the EPA has implemented the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

| Ministerially Determined Departure | Reason for Departure and Description of Practicable Alternative Measures Implemented |
|---|--|
| <p>Core Requirement 3, Clause 3.4.1 – the department head or governing board of the statutory body must appoint non-independent members of the Audit and Risk Committee from officers within the department or statutory body.</p> | <p><u>Reason for Departure</u></p> <ul style="list-style-type: none"> there are no senior positions within the EPA which would be suitable for this position as non-independent member on the Finance Audit and Risk Committee; and Office of Environment and Heritage (OEH) provides corporate specialist and support services to the EPA through a Service Agreement and therefore hold suitably qualified and experienced personnel. <p><u>Description of the Proposed Approach</u></p> <ul style="list-style-type: none"> That OEH's Executive Director Finance, Procurement, Performance and Services be appointed as non-independent member of the EPA's Finance, Audit and Risk Committee. |

These processes, including the practicable alternative measures being the appointment of OEH's Director of Finance as the non-independent member, provide a level of assurance that enables the senior management of the EPA to understand, manage and satisfactorily control risk exposures.

I, Barry Buffier CEO and Chair of the EPA, am of the opinion that the Audit and Risk Committee for the EPA is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08.

The Chair and Members of the Audit and Risk Committee are:

- Mr Chris Knoblanche - independent Chair (4 year term of appointment, commenced on 18 May 2012)
- Mr Alec Brennan - independent Member 1 (3 year term of appointment, commenced on 18 May 2012).
- Mr Ian French - non-independent Member 1 (2 year term of appointment, commenced on 12 April 2014).



BARRY BUFFIER
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EPA internal audit

The EPA recognises that internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. The role of the Chief Audit Executive, who heads the EPA's internal audit function, is performed by the Director, Stakeholder Engagement and Governance. The EPA participates in the Office of Environment and Heritage (OEH) Internal Audit Program, where that agency's scheduled audits include the EPA in their scope. The EPA has also developed its own Internal Audit Plan that supplements audits within OEH's broader program and includes two EPA-specific audits per year.

The 2012–15 EPA Internal Audit Plan was endorsed by the Finance, Audit and Risk Committee in May 2013. Auditable items have been identified as a result of the risk assessment process and, in particular, the internal audit of the EPA's risk management framework.

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

EPA insurance

The EPA, and the employees and volunteers of the EPA Staff Agency, are covered for their legal liability to any third party arising out of their operations worldwide. The EPA has insurance cover through the NSW Treasury-Managed Fund, which uses QBE for workers' compensation and GIO General Ltd for the other risk areas listed in the table below.

Areas of risk and related insurance costs

| | 2012–13 (\$'000) | 2013–14 (\$'000) |
|-----------------------|---------------------|---------------------|
| Worker's compensation | 311 | 177 |
| Public liability | 2 | 16 |
| Property | 10 | 3 |
| Motor vehicles | 51 | 56 |
| Miscellaneous | 1 | 1 |
| Total | 375 | 253 |

Premiums are based on claims history and the EPA's risk management approach to managing claims. The reduction in 2013–14 reflects a change in overall risk and claims management within the NSW public sector.

Public interest disclosures

The EPA operates under a Service Agreement with essential and corporate services for the EPA provided by the Office of Environment and Heritage. To facilitate the operation of the agreement, the EPA has adopted the OEH *Public Interest Disclosures Policy and Procedures*.

In 2013–14, no new public interest disclosures (PIDs) were made to the EPA, although one was finalised in 2013 which is referred to in *EPA Annual Report 2012–13*.

The EPA is required to report all PIDs on a six monthly basis to the NSW Ombudsman's Office and complied with this during 2013–14.

The EPA undertook an extensive internal awareness-raising program on PIDs in 2014, with 220 staff completing half-day fraud and corruption prevention training delivered by the Independent Commission Against Corruption (ICAC). A further 38 staff attended a two-hour ICAC information session and remaining staff a two-hour information session on EPA governance requirements and obligations. The training included information about the Ombudsman and PIDs as well as the EPA's PID policies and procedures.

EPA-nominated disclosure officers and its management team have all received PID training and are able to advise staff about PIDs and associated EPA policies and procedures.

Consumer response

The EPA is committed to its stakeholders and values any feedback and complaints it receives. The agency provides a systematic and consistent approach when handling all feedback and complaints and strives to respond in a courteous, efficient and equitable manner. The EPA operates under the [OEH Fraud and Corruption Prevention Strategy](#) which details its approach to prevention, detection, regulation, reporting and investigation of fraud and corruption. The EPA also operates under the [OEH policy and approach for managing external complaints and allegations](#), which details how it handles external complaints.

Complaints received by the EPA from the public often relate to:

- dissatisfaction with the EPA response to environmental issues
- the time it takes for action on a pollution report
- dissatisfaction with the amount of feedback provided to a complainant
- a lack of EPA involvement for issues where another body is the appropriate regulatory authority (ARA)
- allegations of unethical conduct, corrupt conduct and other complaints referred by the NSW Ombudsman's Office or the Independent Commission Against Corruption (ICAC).

Some complaints are a result of the public perception that the EPA is the ARA for all environmental issues when, for many of these, councils or other agencies are defined as the ARA under the relevant legislation. Any requested advice on a specific issue is passed on where it can be made public knowledge, such as information from media releases or provided directly from the EPA.

During 2013–14, the EPA received three significant complaints. These included allegations of misconduct, corrupt conduct and other complaints referred to the EPA directly or via the NSW Ombudsman's Office or ICAC. Two of these allegations were finalised during the financial year.

Evidence of improper conduct was not found in the two cases that have been finalised.

Environment Line complaints

| Environment Line complaint types | No. received July 2013–June 2014 |
|----------------------------------|----------------------------------|
| Air | 758 |
| Noise | 1,389 |
| Odour | 2,229 |

Controlled entities

In 2013–14, the EPA had one controlled entity.

The 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 this Order, the former Office of the Environment Protection Authority became the EPA Staff Agency.

The EPA Staff Agency, as a not-for-profit entity, 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.

Other reporting requirements

Implementation of price determination

The EPA is not subject to determinations or recommendations by IPART under section 18(4) of the tribunal's Act.

Investment performance

The EPA does not have an Hour Glass facility with TCorp.

Liability management performance

The EPA has no debt greater than \$20 million.

Land disposal

As the EPA does not own any land, it had none to dispose of in 2013–14.

Funds spent

Statement of credit card use

The EPA has a credit card program and policy in place, which is consistent with the NSW Government's policy as outlined in relevant Treasury Circulars and Treasurer's Directions. The NSW Treasury issued a policy requiring the use of credit cards for all transactions under \$3000. Since the policy was issued, the EPA has increased its use of credit cards.

Credit cards are mainly used for stores, travel, minor repairs and maintenance, consumables, training and conferences, and small value items. The EPA has rigorous management measures in place to minimise credit card misuse, including stringent delegations, card limits and system controls, review and reporting. There were no incidents of purchasing card fraud by EPA staff during 2013–14.

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

Consultants

| Consultant | Category | Product description | Cost (\$) |
|---|------------------------|--|-----------|
| Consultancies of \$50,000 or more: 2013–14 | | | |
| CDM Smith Australia Pty Ltd | Environmental | Orica Mercury Independent Review – Botany site | 186,789 |
| Enterprise Architects (Vic.) Pty Ltd | Information technology | EPA IMCT Strategy development | 219,400 |
| Pacific Environment Operations Pty Ltd | Environmental | Upper Hunter air quality particle studies | 84,091 |
| Subtotal | 3 | | 490,280 |

| Consultant | Category | Product description | Cost (\$) |
|--|-----------|---------------------|----------------|
| Consultancies less than \$50,000: 2013–14 | | | |
| Finance and accounting | – | n/a | – |
| Information technology | – | n/a | – |
| Legal | – | n/a | – |
| Management services | – | n/a | – |
| Environmental | 42 | n/a | 279,614 |
| Engineering | – | n/a | – |
| Organisational review | – | n/a | – |
| Training | – | n/a | – |
| Subtotal | 42 | n/a | 279,614 |
| Total consultancies | 45 | – | 769,894 |

Disclosure of subsidiaries

The EPA had no subsidiaries in 2013–14.

Production cost of the Annual Report

Costs associated with the production of this report have been covered by the Office of Environment and Heritage under the OEH/EPA Service Agreement 2013–14.

Account payment performance

Aged analysis at the end of each quarter*

| Quarter | Current (within due date) | Less than 30 days overdue | Between 30 and 60 days overdue | Between 61 and 90 days overdue | More than 90 days overdue |
|---------------------------------|---------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|
| All suppliers | | | | | |
| September | 1,678 | 32 | 3 | – | 1 |
| December | 1,819 | 42 | 1 | – | – |
| March | 1,601 | 41 | – | 2 | 2 |
| June | 2,874 | 36 | 4 | – | 1 |
| Small business suppliers | | | | | |
| September | 17 | – | – | – | – |
| December | 28 | – | – | – | – |
| March | 26 | – | – | – | – |
| June | 61 | – | – | – | – |

* Under the transitional requirements, penalty infringements apply to suppliers who have identified themselves as small businesses.

Accounts due or paid within each quarter

| Measure | Sep 2013 | Dec 2013 | Mar 2014 | Jun 2014 |
|---|-----------|-----------|-----------|------------|
| All suppliers | | | | |
| Number of accounts due for payment | 1,714 | 1,852 | 1,646 | 2,915 |
| Number of accounts paid on time | 1,678 | 1,819 | 1,601 | 2,874 |
| Actual percentage of accounts paid on time (based on number of accounts) | 97.9% | 98.2% | 97.3% | 98.6% |
| Dollar amount of accounts due for payment | 4,910,451 | 7,999,893 | 6,040,514 | 26,269,965 |
| Dollar amount of accounts paid on time | 4,828,954 | 7,932,695 | 5,203,392 | 25,474,131 |
| Actual percentage of accounts paid on time (based on \$) | 98.3% | 99.2% | 86.1% | 97.0% |
| Number of payments for interest on overdue accounts | – | – | – | – |
| Interest paid on overdue accounts | – | – | – | – |
| Small business suppliers | | | | |
| Number of accounts due for payment to small businesses | 17 | 28 | 26 | 61 |
| Number of accounts due to small businesses paid on time | 17 | 28 | 26 | 61 |
| Actual percentage of small business accounts paid on time (based on number of accounts) | 100% | 100% | 100% | 100% |
| Dollar amount of accounts due for payment to small businesses | 58,600 | 62,055 | 77,943 | 575,686 |
| Dollar amount of accounts due to small businesses paid on time | 58,600 | 62,055 | 77,943 | 575,686 |
| Actual percentage of small business accounts paid on time (based on \$) | 100% | 100% | 100% | 100% |
| Number of payments to small business for interest on overdue accounts | – | –* | – | – |
| Interest paid to small businesses on overdue accounts | – | – | – | – |

* Calculated at \$1.12 which is < \$20 so no interest was paid.

Major capital works

The EPA's total property, plant and equipment (PPE) assets were valued at \$5.65 million at 30 June 2014. There were no major retirements of PPE assets during the year.

Work commenced on a number of information technology capital projects during 2013–14, which are classified under the intangible asset category.

Outlays on major projects and acquisitions included:

| Capital works completed or in progress at 30 June 2014 | Cost to date (\$'000) | Cost overrun (\$) | Estimated date of completion |
|--|-----------------------|-------------------|------------------------------|
| Regulatory and communication system enhancement | 1,866 | Nil | 2017 |

Budgets

Total recurrent operating expenses:

| | |
|-----------------------------|------------------------|
| Original 2013–14 Budget | \$137.7 million |
| Revisions | Nil |
| Final 2013–14 Budget | \$137.7 million |
| 2014–15 Budget | \$141.6 million |

The adjustments to budget first approved are nil.

The reason for the increase between the 2013–14 and 2014–15 budget is as follows:

- The increase in recurrent expenditure in the 2015–15 Budget results from the transfer of expenditure for a number of environmental projects between financial years.

The capital works expenditure budget for 2014–15 is \$3.8 million and is primarily for software systems to support the EPA's regulatory business as well as coal seam gas technical training equipment.

Riverina area expenditure

Section 11 of the *Forestry Restructuring and Nature Conservation Act 1995* requires that the Directors-General of the departments responsible to the Minister for the Environment and Minister for Primary Industries prepare joint reports on Riverina area expenditure. These are to be prepared on an annual basis for the four financial years commencing on 1 July 2010 and may be included in the annual reports of the departments.

Riverina area expenditure is defined as:

'expenditure for the purpose of implementing forestry restructure and assistance schemes and programs in the Riverina area (within the meaning of the *National Park Estate (Riverina Red Gum Reservations) Act 2010*), including business exit assistance, timber worker assistance, industry development assistance and departmental administration of funding assistance, shown in the Budget Papers or declared in writing by the Treasurer as expenditure to be recouped from the Fund'.

Expenditure for these programs in 2013–14 in the Riverina area is shown below.

| Program | Expenditure |
|---|-------------|
| Business exit assistance | \$0 |
| Timber worker assistance | \$0 |
| Industry development assistance | \$0 |
| Departmental administration funding assistance (Department of Primary Industries) | \$0 |
| Riverina Regional Employment and Community Development Fund | \$11,681 |

Of this, \$11,681 is considered 'Riverina area expenditure' for the purposes of the *Forestry Restructuring and Nature Conservation Act 1995*.

Access to information

Review of proactive release of EPA information

Section 7(3) of the *Government Information (Public Access) Act 2009* requires agencies to review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must occur at least once every 12 months.

The EPA's program for proactive release involves making as much information as possible available in an appropriate manner, including on the internet. Sometimes this may not be possible, such as where information concerns another party's affairs. Details on obtaining information are available on the [EPA website](#).

As a result of this review, the EPA advises that it proactively released the following information in 2013–14:

Reports

- *Air Quality Appraisal Tool*: April 2013, released March 2014
- *Environment Compliance Report: Requirements for preparing and implementing pollution incident response management plans*
- *Environment Compliance Report: Requirements for publishing pollution monitoring data*
- *Hunter Catchment Salinity Assessment: Final report*
- *Managing particles and improving air quality in NSW*: November 2013
- *Scoping Study of Potential Measures to Reduce Emissions from New and In-service Locomotives in NSW and Australia*: March 2013, released April 2014

A variety of compliance audit reports was also released.

Documents

- *Brigalow-Nandewar IFOA Amendment 2 and Statement of Reasons*: July 2013
- *Crown Forestry Compliance Strategy*: July 2013
- *Diesel Emissions and their Management in NSW*: June 2014
- *Draft Protection of the Environment Operations (General) Amendment (Licensing Fees) Regulation 2013 and proposed risk-based licensing scheme*: publicly exhibited September–November 2013
- *Environmental Management Calculation Protocol*: gazetted and published May 2014
- *International Waste Strategy Benchmarking Report* (SKM)
- *Modelling and Data Analysis to Inform New Waste Strategy*
- *Private Native Forestry Code of Practice for Northern NSW*
- *Private Native Forestry Compliance Strategy*: July 2013
- *Regulatory Impact Statement: Proposed Protection of the Environment (Waste) Regulation 2014*
- *Riverina Red Gum IFOA Amendments 2 and 3 and Statements of Reasons*: July and December 2013
- *South-western Cypress IFOA Amendment 2 and Statement of Reasons*: July 2013

Discussion papers

- *Draft NSW Waste Avoidance and Resource Recovery Strategy 2013–21*: October 2013
- *Review of the Protection of the Environment Operations (Hunter River Salinity Trading Scheme) Regulation 2002*
- *Remake of the Coastal Integrated Forestry Operations Approvals*: February 2014
- *Validation of Inversion Strength Estimation Method*: March 2014

A variety of fact sheets was also proactively released during 2013–14.

Government information (public access)

Access applications received: Clause 7(b)

In 2013–14, the EPA received a total of 64 valid formal applications for access to information under the *Government Information (Public Access) Act 2009* (GIPA Act), including withdrawn applications. In addition, the EPA received seven applications for review of which three were for internal review, two for review by the Information Commissioner and two for review by the Administrative and Equal Opportunity Division of the NSW Civil and Administrative Tribunal. Two of these applications were transferred to another agency.

Access applications refused for Schedule 1 information: Clause 7(c)

In 2013–14, the EPA refused a total of four formal access applications because the information requested was information referred to in Schedule 1 to the GIPA Act. Of these, all were refused in part.

Tables A-H (covering the EPA from 1 July 2013 to 30 June 2014)

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 | 8 | 7 | 0 | 1 | 0 | 1 | 0 | 0 |
| Members of Parliament | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 |
| Private sector business | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Not-for-profit organisations or community groups | 0 | 6 | 1 | 0 | 0 | 0 | 0 | 1 |
| Members of the public (application by legal representative) | 4 | 4 | 0 | 1 | 0 | 0 | 0 | 0 |
| Members of the public (other) | 10 | 9 | 0 | 2 | 1 | 0 | 0 | 3 |

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

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 whether information is held | Application withdrawn |
|--|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| Personal information applications* | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Access applications (other than personal information applications) | 28 | 25 | 1 | 4 | 1 | 2 | 0 | 4 |
| Access applications that are partly personal information applications and partly other | 0 | 0 | 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 Act) about the applicant (the applicant being an individual).

Note: The total number of decisions in Table B should be the same as those in Table A.

Table C: Invalid applications

| Reason for invalidity | Number of applications |
|---|------------------------|
| Application does not comply with formal requirements (section 41 of the Act) | 8 |
| 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 | 8 |
| Invalid applications that subsequently became valid applications | 8 |

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

| | Number of times consideration used* |
|---|-------------------------------------|
| Overriding secrecy laws | 0 |
| Cabinet information | 1 |
| Executive Council information | 0 |
| Contempt | 0 |
| Legal professional privilege | 3 |
| Excluded information | 0 |
| Documents affecting law enforcement and public safety | 0 |
| Transport safety | 0 |
| Adoption | 0 |
| Care and protection of children | 0 |
| Ministerial code of conduct | 0 |
| Aboriginal and environmental heritage | 0 |

*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies to Table E.

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

| | Number of occasions when application not successful |
|--|---|
| Responsible and effective government | 8 |
| Law enforcement and security | 5 |
| Individual rights, judicial processes and natural justice | 19 |
| Business interests of agencies and other persons | 4 |
| Environment, culture, economy and general matters | 0 |
| Secrecy provisions | 1 |
| Exempt documents under interstate Freedom of Information legislation | 0 |

Table F: Timeliness

| | Number of applications |
|---|------------------------|
| Decided within the statutory time frame (20 days plus any extensions) | 61 |
| Decided after 35 days (by agreement with applicant) | 4 |
| Not decided within time (deemed refusal) | 1 |
| Total | 66 |

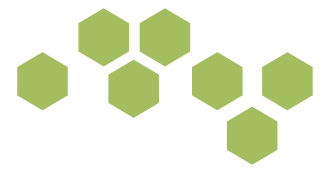
Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

| | Decision varied | Decision upheld | Total |
|--|-----------------|-----------------|----------|
| Internal review | 1 | 2 | 3 |
| Review by Information Commissioner* | 1 | 0 | 1 |
| Internal review following recommendation under section 93 of Act | 0 | 0 | 0 |
| Review by Administrative Decisions Tribunal | 0 | 1 | 1 |
| Total | 2 | 3 | 5 |

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

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

| | Number of applications for review |
|---|-----------------------------------|
| Applications by access applicants | 4 |
| Applications by persons to whom information the subject of access application relates (see section 54 of the Act) | 1 |



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