



**Environment Protection
Authority**

**Annual Report
2014–15**



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Letter of submission



The Hon. Mark Speakman, MP
Minister for the Environment
52 Martin Place
SYDNEY NSW 2000

Dear Minister

I am pleased to submit Annual Report 2014–15 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 Report (Statutory Bodies) Regulation 2015.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'B.P. Buffier'.

BARRY BUFFIER AM
Chair and CEO
Environment Protection Authority

Message from the Chair and CEO



I am pleased to present the 2014–15 EPA Annual Report. It has been a significant year for the EPA with key long-term projects reaching operational fruition and delivering strategic policy

initiatives that will lead to greater environmental awareness, responsibility and accountability.

In November 2014, the Government announced the EPA as the lead regulator from 1 July 2015 for all compliance and enforcement of gas activities in NSW (with the exception of work health and safety). This requires all gas activities to hold an environment protection licence. Coal seam gas regulation is, and will continue to remain, an important focus for the EPA.

During the year we finalised implementation of the EPA's key regulatory strategy, risk-based licensing, for its official launch on 1 July 2015. Risk-based licensing represents a significant change in the way we assess the environmental risks of industrial activities. The efforts required to reach this stage are significant, and I give thanks to all staff for their efforts and achievements.

Further monitoring results from the Orica Mercury Independent Review have reassured the community that the potential risk of mercury exposure to the environment and community of Botany is very low. The findings also offer reassurance about the EPA risk assessment methodologies.

The EPA values the strong partnership we have with local government. We are co-regulators addressing key environmental issues such as air quality, land contamination, waste avoidance, recycling, litter prevention and illegal dumping. The EPA provides local councils with funding support under the *Waste Less, Recycle More* initiative to deliver new and improved waste infrastructure and services, such as the Organics Recycling, Regional Illegal Dumping (RID) Squads and the Household Chemical Clean-out programs.

Phase 2 of our *Hey Tosser!* anti-littering campaign went into full swing this year, and is delivering results. Extensive campaigning to remind people in everyday situations to think twice before they litter (or pay the fine!) is proving a success.

On 13 February 2015, the General Purpose Standing Committee No. 5. Legislative Council released its report containing the findings and recommendations on its inquiry into the performance of the EPA. The report stated:

The committee has concluded that the EPA is performing the majority of its functions in keeping with the objectives set out under the *Protection of the Environment Administration Act 1991*. In the period since its re-establishment in 2012, the agency has sought to clarify its role and vision, and has worked to develop a relationship with industry that strikes a balance between oversight and effective collaboration. The committee believes that the EPA has struck this balance appropriately and professionally. Nevertheless, this inquiry has identified a number of areas in which either the performance of the EPA was found wanting, or areas of legislative amendment with a view to enhanced governance, oversight and, ultimately, accountability were identified.'

I welcome the findings as an opportunity to increase awareness and understanding about the important role the EPA plays in protecting the environment and communities of NSW.

I look ahead to 2015–16 as a year of establishing new regulatory frameworks and delivering on our increased statutory capacities. I thank all staff for their ongoing efforts as we work together with key targets as identified in our revised Strategic Plan 2015–18.

A handwritten signature in black ink, appearing to read 'B.P. Buffier'.

Barry Buffier AM
Chair and CEO

Section 1:

Overview of our organisation

The NSW Environment Protection Authority (EPA) is the state's primary environmental regulator. We work with businesses, government, community and environment groups to manage and reduce pollution, waste and adverse impacts on the environment.

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

What we do

Our decisions, policies and initiatives are underpinned by scientific and technical expertise and seek to generate positive environmental behaviours and outcomes.

We encourage people to report pollution and environmental harm to the 24/7 Environment Line, 131 555. We work with other agencies to notify the public, and clean up and restore the environment following pollution incidents that involve hazardous materials.

We assess applications for environment protection licences and set legally enforceable conditions on licensees, including pollution prevention and monitoring, implementing best practice operations and community engagement requirements.

We regulate activities that can impact on the environment and human health, including:

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

As an independent statutory authority, we develop and inform environmental programs and policy. We also work with the NSW Department of Planning and Environment and other key organisations to ensure environmental issues are considered in major planning assessments.

We are leading business, government and the community in managing and reducing waste across NSW through the five-year \$465 million *Waste Less, Recycle More* initiative.

We deliver education, awareness and grants programs, and actively inform and consult with communities, businesses and government to motivate them to make informed decisions that lead to better environmental outcomes.

We provide financial and technical support to other government agencies and local government to improve environmental outcomes.

Our vision

Healthy Environment, Healthy Community, Healthy Business

Healthy ecosystems are the foundation on which healthy communities and healthy economies thrive. Everyone in NSW shares the responsibility for protecting the environment.

Our vision goes to the heart of the objectives under the *Protection of the Environment Administration Act 1991* (POEA Act):

- to protect, restore and enhance the quality of the environment in NSW, having regard to the need to maintain ecologically sustainable development
- to reduce the risks to human health and prevent the degradation of the environment.

The EPA works to continuously improve processes and practices to ensure that we meet our objectives of reducing environmental impacts and risks to human health. *EPA Strategic Plan 2014–17* contains six key result areas:

- informed planning decisions
- improved environmental outcomes
- responsive incident management
- innovative waste management
- effective stakeholder engagement
- exemplar organisation.

These key result areas aligned with *NSW 2021: A plan to make NSW number one* and were linked to specific goals and performance measures as shown in section 2.

Where we are now

The EPA is a credible and effective regulator and our staff are passionate about protecting the environment.

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

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

Where we want to be

The EPA sees a healthy environment as the foundation on which healthy societies and healthy economies thrive.

Our regulatory function is a key aspect to achieving this. Our role in facilitating a shared responsibility for managing risks to the environment and human health, and influencing environmental behaviour among the population are equally important.

We are consistently working to improve the timeliness and responsiveness of our communications, especially during significant or emergency incidents, and we consistently look for opportunities to better inform, consult and involve all interested parties.

How we will reach our goals

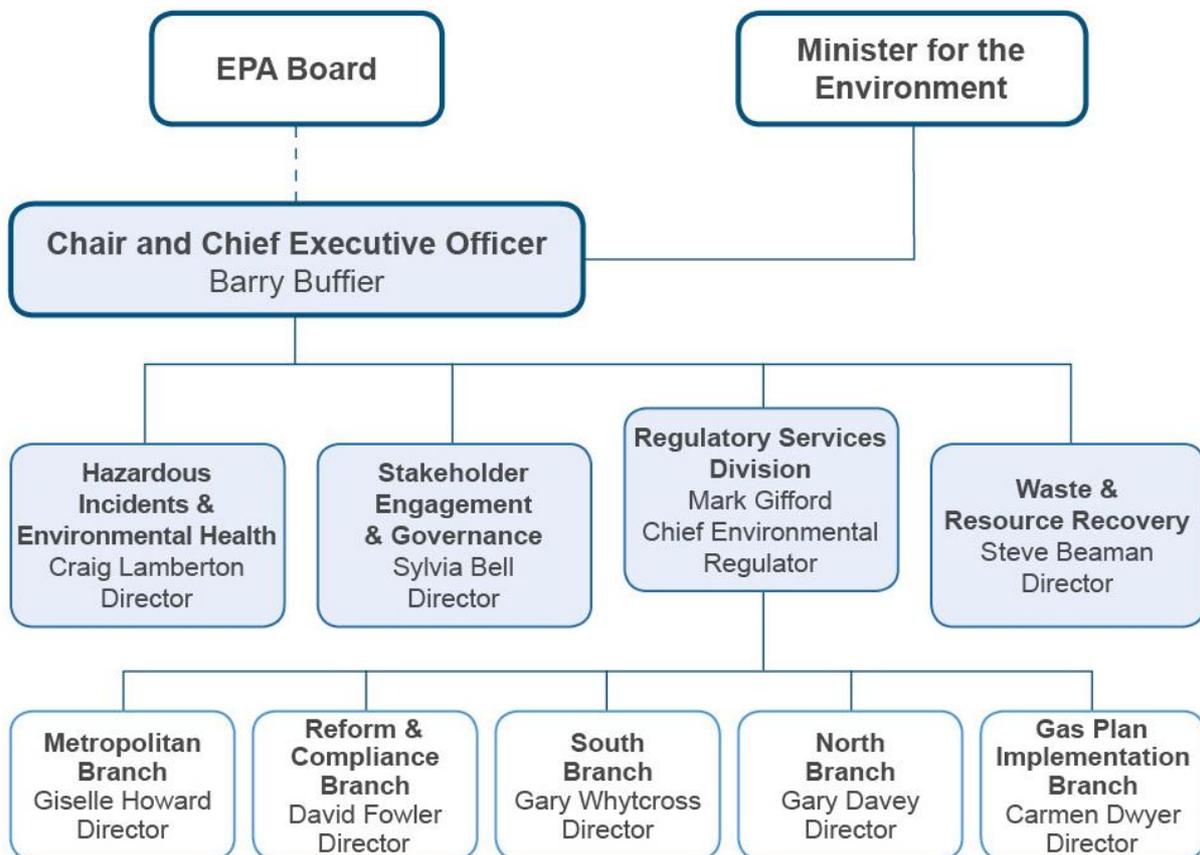
When the EPA engages well with community, environment groups, industry and government, we all work more effectively to protect the environment. To achieve this we have placed a strong emphasis on developing our stakeholder engagement capabilities.

We have undertaken a comprehensive stakeholder survey, committed to more direct engagement through community committees, and developed and improved our communication channels.

Effective engagement is a priority for the EPA and we are committed to developing initiatives and tools that will allow us to better inform, consult and involve all groups that have an interest in our work.

Our people

Management structure



The formation of the Gas Plan Implementation Branch

The NSW Government announced the NSW Gas Plan in November 2014. The plan outlines the Government’s approach to gas development, building on the report *Independent Review of Coal Seam Gas Activities in New South Wales* by NSW Chief Scientist and Engineer Professor Mary O’Kane. The plan sets a framework for the future of the State’s gas industry and ensures a consistent and transparent approach to compliance and enforcement.

A key feature of the plan is the appointment of the NSW EPA as the lead regulator for compliance and enforcement of conditions of approval (excluding work health and safety) for gas activities in NSW. This includes the consent conditions and activity approvals issued by other agencies. The plan also requires all gas operations, both conventional and unconventional, to hold an environment protection licence (EPL), where previously only coal seam gas activities required an EPL. The EPA commenced its new role as the lead regulator for gas activities on 1 July 2015.

The Gas Plan Implementation Branch was formed in November 2014 to implement the new regulatory framework under the NSW Gas Plan and to undertake ongoing compliance and enforcement across NSW.

EPA executive team

EPA Chair and CEO: Barry Buffier AM

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 he 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*, Mr Buffier (as 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 but subject to any directions of the Minister under the Act. The Chair is also the presiding member of the Board.

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

Chief Environmental Regulator: Mark Gifford PSM

EPA's Chief Environmental Regulator Mark Gifford was awarded a Public Service Medal for services to environmental protection in June 2015. He has a Bachelor of Business (Public Administration) and is the NSW jurisdictional representative and Vice Chair of the Australasian Environmental Law Enforcement and Regulators Network.

Mr Gifford has over 32 years of experience in government, 16 of which have been in environment-related agencies. His current role includes leading the Regulatory Services Division and overseeing the EPA's regulatory policies, practices and outcomes.

Mr Gifford leads the Government's response to concerns about environmental impacts from major industrial activities, in particular air and water quality, noise and the regulation of gas and forestry activities. He has made significant improvements in areas such as environment protection licensing and legislation. He led the government's reforms to the *Protection of the Environment Operations Act 1997* to improve industry performance and public reporting, and the updating and modernising of the EPA. He oversees the EPA's current forestry reforms and implementation of the Government's role for the EPA under the NSW Gas Plan. Mr Gifford has significant experience in national regulatory harmonisation including the continuous review of the EPA's regulatory approach and significant reforms to ensure effective, efficient and credible regulation.

Director, Waste and Resource Recovery: Steve Beaman

As the EPA's Director of Waste and Resource Recovery, Steve Beaman coordinates and drives the delivery of NSW waste policy and programs. He has extensive experience in

policy development and the implementation of innovative regulatory and reform programs. Mr Beaman has worked with the EPA since 1995 in a number of key roles including Director, Executive Services; Manager, Waste Operations; and Manager, Forestry.

Mr Beaman has 20 years' experience in environment policy and regulation within the NSW Government, including more than eight years at the senior executive level. His scope of work and knowledge spans a range of policy and program areas including natural resources management, environmental planning and regulation, resource recovery and community programs. He has highly developed skills in evidence-based analysis of complex policy issues and negotiation of practical and effective strategies for action. Mr Beaman's 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. He has led the development of the new NSW policy and program initiatives, including the Energy from Waste Policy, NSW Illegal Dumping Strategy, draft 2014–21 NSW Waste Avoidance and Resource Recovery Strategy, Industrial Ecology, Business Recycling and new litter prevention advertising campaign (*Hey Tosser!*).

Director, Hazardous Incidents and Environmental Health: Craig Lamberton

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

Mr Lamberton has some 30 years of practical experience in risk assessment and resolving challenging problems associated with chemicals, radiation and hazardous materials in occupational, public health and environmental contexts. Before his current position, Mr Lamberton has been employed in the EPA Operations Division as Regional Manager, Southern Sydney; Regional Manager, South Coast; Director, Coastal Regions; and Director, Specialised Regulation. In these positions he engaged directly with the community and industry in delivering workable solutions to contemporary pollution control problems and incidents involving hazardous materials.

Director, Stakeholder Engagement and Governance: Sylvia Bell

Sylvia Bell commenced with the NSW Environment Protection Authority in November 2012 as Director, Stakeholder Engagement and Governance. Ms Bell has extensive experience across a range of portfolios in government and private sectors. Her former roles include Director, Communication and Stakeholder Engagement at the Bureau of Health Information, which was established in January 2010. Before that, Ms Bell was with CSIRO for five years where she managed communications for a number of flagship research programs.

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

Director, Metropolitan: Giselle Howard

Giselle Howard joined the EPA in 2003. She has held several middle and senior management positions in NSW government agencies and has worked in natural resource and environmental areas for more than 20 years. She has led regional teams delivering operational work for air, water, noise and chemical pollution, threatened species, Aboriginal cultural heritage, community engagement, catchment management, environmental education and groundwater and surface water environmental management. Her work has been largely focused in metropolitan areas, working extensively with industry groups and

community organisations to find sound environmental solutions among strongly competing demands. She holds a Bachelor of Science in Ecology with first class honours from the University of NSW.

Director, Reform and Compliance: David Fowler

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

Before his appointment as Director, Reform and Compliance, Mr Fowler held senior positions throughout the environment portfolio. His roles included managing a team tasked with delivering strategic regulatory reforms, protocols and procedures, and another providing operational support to deliver credible compliance and enforcement activities in relation to land clearing of native vegetation in NSW. He also led the development of work programs and coordinated strategic statutory activities to meet the administrative obligations associated with environment protection licensing and revenue protection. Before working in environmental regulation, Mr Fowler spent five years in environmental consultancy, working on a range of industrial facilities across Australia.

Mr Fowler holds a Chemical Engineering degree.

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, ACT and NSW.

In Victoria, Mr Whytcross worked in the dairy processing industry before moving to ACT in 1984 where he worked in laboratories. From 1988 to 1992 he worked in the ACT pollution control authority, developing policy for pesticides and hazardous chemicals and managing water compliance. He joined the newly established NSW EPA in 1992 as Regional Manager, Southern Tablelands, based in Queanbeyan. In 1996 he was appointed as Director, Western Regions, responsible for all EPA activities west of the Great Dividing Range. In 2003, Mr Whytcross was appointed as Director, South for the Department of Environment and Conservation and subsequently added the regulation of native vegetation, cultural heritage, threatened species and forestry to his role.

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 also currently serves as Director, Forestry, and is responsible for regulating crown and private native forestry across the State.

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

Director, North: Gary Davey

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

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

This was followed by his appointment to the Director, North East position which also included the responsibilities for the EPA functions.

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

Director of Gas Plan Implementation: Carmen Dwyer

Carmen Dwyer has been working in the environmental regulatory field for the past 18 years. Ms Dwyer leads the Gas Plan Implementation Team which is responsible for ensuring compliance and enforcement of all statutory conditions related to the efficient and environmental safe operation of the NSW gas industry.

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

Ms Dwyer has held a number of senior and middle management roles with the EPA. Some of Ms Dwyer's responsibilities included implementing the EPA's transition to being the lead environmental regulator of coal seam gas, delivery of regional compliance priorities across a broad range of industries and the development of pesticides policies. Ms Dwyer has delivered the roles from central and western NSW and is currently based in the Dubbo office.

Staff policies and statistics

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

The EPA scored significantly higher than the NSW Public Service average on 99 of the 106 measures surveyed in the Public Service Commission's People Matter Employee Survey 2014 (PMES).

The survey findings, released in August 2014, showed that:

- 99% of EPA employees agree that sexual orientation is no barrier to success
- 92% of EPA staff agree the EPA is committed to creating a workforce high in gender, disability, age and cultural diversity
- based on the seven questions measuring integrity, the EPA scored 87.5%, while the survey average was 74.5%
- 87% of EPA staff thought the organisation helped them achieve work–life balance
- 83% of EPA staff say they are proud to tell others they work for the EPA.

Workplace diversity and development

As highlighted in the PMES statistics, the EPA recognises the importance of a balanced workplace and supports opportunities and obligations that promote workforce diversity.

The EPA:

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

Some recent EPA initiatives that will further advance in the 2015–16 financial year include:

- Implementation of a program in conjunction with *Career Trackers: Indigenous Internship Program* to secure Aboriginal people as undergraduates in paid employment

and, ultimately, as graduates with permanent positions in the EPA. Two undergraduate interns will commence employment during the 2015 summer holiday period.

- Commencement of a new graduate employment program in the EPA. Three graduates have recently started in a two-year employment opportunity in the greater Sydney area. This program will extend to more EPA regional offices.
- Production of an EPA action paper for staff and managers, *What does the EPA need to do to improve opportunities for women?* Actions already implemented to improve workplace opportunities for women include enhancing family-friendly and flexible work arrangements, formal discussion of career development during personal work planning meetings and better baselines and monitoring of the effectiveness of new initiatives. Opportunities for staff to learn from other staff in higher grades via informal 'shadowing' or mentoring are also helping to create better staff outcomes.

Under the terms of the Service Level Agreement between the EPA and the Office of Environment and Heritage (OEH), OEH provides human resources services to the EPA. Further initiatives in workforce diversity that the OEH People and Culture Division is developing and implementing across the agencies (such as the EPA) includes:

- an overarching workforce diversity plan
- a disability inclusion action plan
- a multicultural policies and services plan
- a workforce planning capability to integrate diversity into workforce planning.

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

Staff statistics

EPA Senior Executive Service officers

Salary band	2013–14			2014–15		
	Female	Male	Total	Female	Male	Total
Band 4 Secretary	0	0	0	0	0	0
Band 3 (Deputy Secretary)	0	1	1	0	1	1
Band 2 (Executive Secretary)	0	1	1	0	1	1
Band 1 Director	3	13	16	6	16	22
Total	3	15	18	6	18	24

Average remuneration of senior executives

Band	Range	Average remuneration 2013–14	Average remuneration 2014–15
Band 4 Secretary	\$430,451–\$497,300	–	–
Band 3 (Deputy Secretary)	\$305,401–\$430,450	\$422,500	\$430,450
Band 2 (Executive Secretary)	\$242,801–\$305,400	\$279,000	\$300,000
Band 1 Director	\$170,250–\$242,800	\$193,020	\$170,824

The percentage of total employee-related expenditure of senior executives was 9.11 per cent (8.76% in 2013–14)¹.

EPA staff by category

Total staffing by category (head count*)	30 June 2013	30 June 2014	30 June 2015
Permanent full-time	341	370	392
Permanent part-time	26	33	38
Temporary full-time	58	55	57
Temporary part-time	15	14	19
Casual	0	0	0
Total	440	472	506

*Head count numbers include all EPA employees by classification

EPA staff by location

Total staffing by location (head count*)	30 June 2013	30 June 2014	30 June 2015
Sydney metropolitan area	319	342	374
Regional areas	121	130	132
Total	440	472	506

*Head count numbers include all EPA employees by classification

Trends in the representation of workforce diversity groups

% of total staff				
Workforce diversity group	Benchmark/target	2013	2014	2015
Women	50.0%	50.5%	51.9%	53.1%
Aboriginal people and Torres Strait Islanders	2.6%	0.8%	0.8%	1.0%
People whose first language spoken as a child was not English	19.0%	12.2%	12.3%	13.1%
People with a disability	n/a	4.0%	4.8%	3.1%
People with a disability requiring work-related adjustment	1.5%	1.9%	1.8%	0.7%

Trends in the distribution of workforce diversity groups

Distribution index* for total staff				
Workforce diversity group	Benchmark /target	2013	2014	2015
Women	100	88	90	90
Aboriginal people and Torres Strait Islanders	100	n/a**	n/a	n/a
People whose first language spoken as a child was not English	100	95	95	96
People with a disability	100	n/a	99	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a

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

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

Section 2: Our performance

Regulatory Assurance Statement

The EPA is the primary environmental regulator for NSW. The EPA protects the environment by regulating activities that could have an impact on the health of the NSW environment and its people. This includes working with business, government and the community to manage and reduce pollution.

Under section 16(3) of the *Protection of the Environment Administration Act 1991*, the EPA Board is to provide the Minister on an annual basis a statement that contains or addresses the following matters:

1. An assessment of the success of EPA and the performance of those industries EPA regulates in reducing risks to human health and degradation of the environment.
2. Whether the level of environmental protection achieved is satisfactory in comparison with other Australian jurisdictions.
3. Recommendations for improving EPA's regulatory performance of the industries for which it is responsible.

The recommendations made by the EPA Board in this statement guide the EPA's strategic planning focus for the coming year. In 2013–14 the EPA Board's recommendations included actions for the EPA in the areas of reporting, risk-based licensing, restorative justice, stakeholder engagement and funding. The EPA has progressed all of these recommendations in 2014–15.

The Regulatory Assurance Statement also reports the EPA's performance to the community. It is tabled in Parliament and published in the EPA's Annual Report. The Board is satisfied that this statement provides assurance that the EPA, and industry regulated by the EPA, have reduced risks to human health and degradation of the environment.

Success in reducing risks to human health and degradation of the environment

The success of the EPA in reducing risks to human health and degradation of the environment is evidenced by its strategic direction, the results of independent audits and reviews conducted or released during the reporting period, and key achievements reported in 2014–15.

Strategic direction

The EPA works on continuously improving its systems and practices to ensure that its objectives of reducing environmental impacts and risks to human health are met. The EPA's achievements have been substantial since re-establishment in 2012, including a significant number of reviews of the laws it administers, development of guidance and information for industry, local government and the community, and an extensive range of programs and national initiatives led by the EPA.

The EPA's success in prosecutions, its enhanced risk focus, modernised legislative reforms and other key achievements in the EPA Strategic Plan 2015–18 reflect the strong focus in reducing risks to human health and degradation of the environment.

In 2014–15, the EPA's responsibilities were expanded as it became the lead regulator for all approvals for gas activities and with the transfer of urban pest management and fumigator licensing to the EPA.

Independent assessments of the EPA's performance

A number of important independent audits and reviews into the performance of the EPA were conducted, published or highlighted in 2014–15. These included:

- the NSW Upper House Parliamentary Inquiry into the EPA
- the NSW Auditor-General's Report into management of contaminated sites
- comprehensive review of coal seam gas (CSG) related activities in NSW by the NSW Chief Scientist and Engineer, Professor Mary O'Kane.

These are briefly outlined below.

Upper House Inquiry

In February 2015, the Upper House Parliamentary Inquiry into the performance of the NSW EPA handed down its findings. The report found the EPA was performing the majority of its functions in keeping with its objectives and made recommendations in the areas of accountability, stakeholder engagement and governance. It noted that in developing a relationship with industry, the EPA has appropriately and professionally struck the right balance between oversight and effective collaboration.

The committee identified that despite the EPA's efforts to build stronger relationships with stakeholders, it needed to further improve its communications with local communities. The committee made several recommendations that seek to address the need for effective communication and extend the role of community consultation committees. The EPA is committed to improving relationships with stakeholders and has implemented multiple strategies and initiatives to improve information and engagement with stakeholders and the community.

The NSW Government formally responded to the Upper House Inquiry on 14 August 2015. Many of the 17 recommendations outlined in the final report, and supported by the NSW Government, are already being implemented by the EPA.

Auditor-General's Report into managing contaminated sites

In July 2014 the NSW Auditor-General reported on the EPA's management of contaminated sites. The Auditor-General was supportive of measures designed to improve approaches to contaminated land issues in NSW. The EPA is well advanced in developing and implementing a range of programs in response to the report's findings.

Coal Seam Gas Review

The NSW Chief Scientist & Engineer Professor Mary O'Kane conducted a comprehensive review of CSG-related activities in NSW, focusing on the human health and environmental impacts of the industry. The final report was published on 30 September 2014 and included 16 recommendations to the NSW Government. The NSW Government has accepted all 16 recommendations.

Overall, the review concluded that the risks of gas development can be effectively managed with the right regulation, engineering solutions, and ongoing monitoring and research. However, the review also detailed some notable weaknesses in the governance framework surrounding the CSG industry.

The Chief Scientist's study of regulatory compliance systems and processes for coal seam gas also observed the EPA to have the most robust systems and greatest capacity for managing its compliance functions. Key elements observed included:

- open access to information about applications, licences and requirements, updated daily, and requirements for licence holders to make monitoring data available to the public
- a 24-hour complaints line, which includes CSG-related complaints
- clear links from licences to compliance tools including licence notes reinforcing relevant legislative provisions, guidelines that are available online and records that indicate proactive on-site inspections and audits of licensees.

Key EPA achievements in 2014–15

The following summarises the EPA's achievements in reducing risks to human health and degradation of the environment, and the performance of those industries EPA regulates in reducing these risks. Further detail can be found in the Annual Report.

Preventing degradation to the environment

Prosecutions success

The *Protection of the Environment Operations Act 1997* (the POEO Act) administered by the EPA defines a number of offences. When a breach of the Act occurs, a number of options are available to the EPA, including prosecution, penalty notices and formal warnings. The EPA completed 80 prosecutions with a 100% success rate in 2014–15 securing \$1,722,400 in financial penalties, which is over three times higher than 2013–14. Environmental service orders directed towards environmental improvement were secured in 14 of these cases. The EPA accepted 10 enforceable undertakings (EUs) in 2014–15, requiring eight companies and two NSW Government agencies to pay a total of \$771,800 for environmental works. This compares to 2013–14, when the EPA accepted three EUs requiring a total of \$280,000 in environmental works.

Risk-based licensing

The EPA worked towards the successful introduction of risk-based licensing (on 1 July 2015) by undertaking risk assessments of licensed premises in consultation with licensees and continuing to ensure the community and industry remain well informed. The risk assessment process assesses site-specific risks posed by each licensed activity to identify any environmental issues that the licensee needs to address and where the EPA needs to focus its regulatory attention. In 2014–15 the EPA completed 1365 risk assessments out of a total of 1994 premises subjected to the system. Risk-based licensing also makes important changes to licence administrative fees, for the first time linking environmental performance to the licence fees paid. This provides an incentive for poor performing licensees to improve their environmental performance. The changes to licence fees will commence on 1 July 2016, giving licensees time to focus on improving their environmental performance.

Pollution reduction programs

The EPA initiated 236 pollution reduction programs (PRPs) in 2014-15 compared with 254 in 2013-14. PRPs mandate the reduction of pollution or risk of pollution from regulated activities at licensed premises through a program of actions, including carrying out works or installing plant and equipment. PRPs are imposed by the EPA on licensees in order to achieve improved environmental outcomes in a negotiated timeframe.

Litter reduction and the Hey Tosser! campaign

The EPA launched a new phase of its *Hey Tosser! – It's a dirty look* litter campaign. Research indicates that the program has increased social awareness about the problems of littering with increases in the social unacceptability of litter and a continued high level of people stating that littering is a very or extremely important issue.

The EPA launched a Report Littering website and mobile application enabling members of the public to report littering from vehicles. The EPA is able to issue fines based on these reports. From the commencement of the website in March 2015 to 30 June 2015, 7111 people registered to report litter, 5027 reports were received and 2605 fines were issued by the EPA for littering from vehicles. This indicates a significant increase on previous enforcement activity and a high involvement by the community.

The National Litter Index 2014–15 that surveys litter in 983 sites across Australia reported a 16% reduction in the number of littered items in NSW compared to the previous year. This compares to the national average litter reduction of 4% over the same period.

The EPA's \$2.67 million Council Litter Prevention Grants Program also achieved significant litter reductions, with councils funded under the program reducing litter in their local litter hot spots by 60%.

Waste Less, Recycle More

The EPA continued to implement the \$465.7 million *Waste Less, Recycle More* initiative, a five-year funding package that was introduced in February 2013. To 30 June 2015, this initiative injected \$207.1 million into recycling, litter and illegal dumping prevention in NSW, and actions to divert an extra 1.6 million tonnes of waste from landfill. The program has stimulated a further \$141.1 million in public and private sector investment in waste and recycling in NSW and helped to create more than 600 jobs.

Diesel and Marine Emissions Management Strategy – Draft benchmarking study

To complement the release of the EPA's Diesel and Marine Emissions Management Strategy, the EPA released for comment a draft NSW Benchmarking Study *Best Practice Measures for Reducing Non-Road Diesel Exhaust Emissions Report*. The best-practice measures form the basis for requiring all existing EPA-licensed coal mines to identify the most practicable options and time frames for achieving exhaust emission performance standards for in-service, new and replacement non-road diesel equipment.

Information and Communications Technology Strategy

The EPA has made significant progress with its information and communications technology. This includes migrating radiation, dangerous goods and pesticides licensing into the EPA's licensing system, consolidating contaminated sites databases, replacing the Private Native Forestry systems into the mainstream EPA system and implementing mobile workforce initiatives to assist site inspections by field officers.

Shaping major planning strategies

The EPA provided technical advice and positioning for major planning reforms such as the Integrated Mining Policy and Critical State Significant Infrastructure and the review of the Mining, Petroleum Production and Extractive Industries State Environmental Planning Policy 2007. The EPA's input to regional plans raises the profile of environmental considerations during the land-use planning process. In 2014–15, the Illawarra Regional Growth Plan adopted the EPA's risk-based decision framework for incorporating water quality outcomes in strategic planning decisions. The EPA had input to major developments for coal mines, coal seam gas activities, new industry proposals and major infrastructure focusing on reducing impacts from noise, air and water pollutants.

Private Native Forestry and Crown Forestry Environmental Compliance Priorities

The EPA continued to implement commitments under the Crown Forestry and Private Native Forestry compliance strategies. In particular the EPA focused proactive regulatory efforts around key environmental compliance priorities set in these strategies. Priorities for regulation centred on the identification and protection of sensitive habitats, native plants,

animals, soil and water resources. These priorities provide a clear commitment to the community that the EPA is focused on key environmental resources, and highlights educating harvesting contractors on their obligations and meeting environment protection outcomes.

Reducing risks to human health

Pesticides licensing

The Pesticides Act and Regulation have been amended to enable the EPA to assume responsibility for urban pest control and fumigator licensing from WorkCover from 1 September 2015. The transfer of around 4200 licences will result in the EPA becoming the sole licensing agency for control of use of pesticides in NSW. The Act amendment also strengthened regulatory controls over pesticide use, including greater protection to property owners from pesticide misuse, and also introduced enforceable undertakings as an alternative to court action.

Improving air quality

Improving air quality is a high priority for the EPA with a focus on particulate matter as a significant health issue. The EPA is continuing to implement and deliver on programs associated with the Hunter air strategy with actions to monitor and reduce emissions at the source, including the Dust Stop Program and actions on reducing diffuse pollution for loading and unloading coal.

Household Chemical CleanOut program

In 2014–15 the EPA enhanced its programs for the collection of household problem waste. The Household Chemical CleanOut program held 66 events across the Sydney Metropolitan area, Illawarra, Central Coast and Hunter regions. Up to 45,198 households were serviced and 1,790,337 kilograms of hazardous materials were dropped off for recycling or safe disposal.

The response rate and community participation continues to grow each year. In the 2014–15 there was a 14% increase in the quantity of waste collected and an 11% increase in attendance on the previous year. These are record-breaking results.

Orica off-site mercury independent review

In response to concerns raised by community representatives, the EPA undertook an independent review of the potential environmental and health impacts of historic mercury emissions from Orica's former chlor-alkali plant at Matraville. Stage 1 of the review involved a thorough analysis of all available data, including information from the community, and concluded that the risk of off-site soil contamination around the former plant is low.

Stage 2 comprised a comprehensive environmental testing regime conducted around Botany Industrial Park and in Penrhyn Estuary in Botany Bay. From 300 samples it was concluded that the risk from mercury being present in soil and stormwater drains in the area is very low, and it was also found that mercury concentrations in the sediments in Penrhyn Estuary are low and levels in fish are all below health safety limits. This has been a two-year collaborative project between the EPA, independent experts and representatives from the community, local councils and state government, and has delivered positive news to the residents and workers around Botany.

Lead abatement in Broken Hill

In February 2015 the EPA joined forces with Broken Hill City Council on a project to undertake works on Broken Hill playgrounds. The EPA provided \$225,000 towards this project through its Contaminated Land Management Program, funded through the

Environmental Trust. The project was established to undertake works to remove lead contamination from three playgrounds and do works that will limit re-contamination from lead rich dust at Broken Hill. It was developed following evidence of increased blood lead levels in children as well as the results of a study by Professor Mark Taylor from Macquarie University that revealed contamination at a number of playgrounds potentially impacting on the health of children. Works were undertaken at three Broken Hill playgrounds – Patton Street Park, Duke of Cornwall Park and Duff Street Park – with the major infrastructure works being undertaken at the Duff Street Park.

Abatement works included the installation of a covered roof over the playground equipment, artificial surfaces installed to create a physical barrier to the contamination and contaminated soil removed and replaced with clean soil. Hand washing facilities were provided and high pressure hose equipment was installed to wash playground equipment. Planting, landscaping and ground covers were also provided as a further barrier to contact with lead rich dust. Operational procedures were developed and implemented to include regular washing of the playground equipment to remove any recontamination by lead rich dust. Sampling of the soils before and after the works, and dust wipe sampling of the playground equipment has been undertaken, with continued sampling for a further 6–12 months to evaluate the success of the abatement measures put in place.

Lead Expert Working Group

The EPA has established two committees to review the management of soil contaminated with lead and lead slag as a result of operations from the former Pasminco Lead Smelter at Boolaroo, near Lake Macquarie. The first is the Lead Expert Working Group which is comprised of government agency representatives, local government and experts in lead-related issues. This group is chaired by the EPA and its role is to provide expert advice to the EPA on issues relating to the lead contamination issue. The second group is the Lead Community Reference Group, comprised of community representatives, council and relevant agencies, and chaired by the local Member, Mr Greg Piper MP. The role of this group is to provide a conduit between the community and Lead Expert Working Group.

The waste disposal area at the Pasminco site closed at the end of February 2015 and alternative disposal options for waste disposal are now required. The EPA has collected soil samples from suburbs around the Pasminco site for analysis by OEH Laboratories. The results of the tests will assist the EPA in classifying the soil to inform disposal options for soil that is contaminated with lead or lead slag. The EPA is liaising with Lake Macquarie City Council and specialist waste disposal facilities to investigate disposal options.

The EPA also assisted NSW Health with its recent lead blood sampling of children under five years of age and pregnant women living near the facility. Seventy-three children were sampled and none had blood levels above health standards.

Motor vehicle compliance activities – exhaust noise and smoke

The EPA regularly participates at joint compliance operations and continues to work closely with NSW Police and Roads and Maritime Services (RMS) to reduce the number of noisy vehicles operating on NSW roads. During 2014–15 the EPA participated in 12 compliance operations which resulted in 117 penalty notices being issued for excessive noise and 20 penalty notices being issued where vehicles were found to have emission control equipment removed or disconnected. One hundred and forty-seven Defective Vehicle Notices were issued requiring vehicle owners to rectify their vehicle or face suspension of vehicle registration.

The EPA is a partner with RMS in the M5 East – Heavy Vehicle Emission Reduction Program, aimed at reducing the number of Heavy Vehicles emitting excessive smoke. The EPA issued 52 penalty notices to owners of vehicles found to be emitting excessive smoke.

Assessment of industry performance

The EPA monitors compliance rates as reported by Environment Protection Licensees' Annual Returns and the results showed good performance by industry with 99.75% compliance with conditions in environment protection licences. However, industry performance is varied and the EPA undertakes regulatory activities where it finds non-compliance in environmental protection requirements. The following describes industry performance based on EPA regulatory activities.

Underground Petroleum Storage Systems

The EPA, as part of its ongoing regulatory and capacity building programs, conducted over 130 inspections of the Underground Petroleum Storage Systems (UPSS) with several inner city councils and Wyong, Gosford and Shoalhaven Councils. Results of the inspections indicate that across the industry there are varying levels of compliance with UPSS Regulation. Inspections in the Sydney metropolitan area found 74% of sites with UPSS were compliant. Many non-compliant sites had relatively minor issues to address and follow up inspections showed 24% of these sites are moving towards compliance. There are ongoing follow-up inspections of non-compliant sites. The major fuel chains are generally compliant while the independent fuel owners and operators are slowly moving towards compliance under the guidance and assistance of the EPA. The inspections were effective in informing operators of their regulatory responsibilities and advising them about how to improve their operations and practices to reduce and manage potential leaks.

Compliance audit program of coal train loading and unloading

The EPA undertook a compliance audit program at 15 coal loading and unloading facilities in NSW to assess the measures in place to prevent the loss of coal during rail transport in the rail corridor. The audit examined the potential loss of coal in the form of leaks, spills and dust emissions from the top, bottom, interior and exterior of coal wagons following loading at the mine and after unloading at the port.

The audits identified a number of non-compliances which could be managed to minimise the risk of the loss of coal from coal trains. The EPA is requiring the coal loading and unloading facilities audited as part of this program to rectify the non-compliances identified and will be following up to make sure they are complying with their licence requirements.

The individual audit reports are available on the EPA Public Register and a report summarising the audit program and its findings was made public on the EPA website in December 2014.

Commercial and industrial waste stream audit

The largest commercial and industrial waste stream audit undertaken in Australia was completed by the EPA in June 2014. The audit provides baseline data to assess the impact of the *Waste Less, Recycle More* infrastructure funding program on resource recovery.

Qenos mandatory audit

Qenos operates a large chemical, petrochemical and plastics production facility at Matraville (Botany). The NSW Environment Protection Authority (EPA) imposed a mandatory environmental audit on the Qenos plant following a number of environmental incidents at the site in the three years to May 2014. The incidents ranged from the repeated discharges of effluent and cooling water, to minor flaring events and records of increased particle emissions as a result of maintenance.

The audit's findings centred on the following subject areas: management systems, environmental incidents, the plant, stormwater system, effluent treatment plant and associated reticulation system. Prior to finalisation of the report, Qenos started implementing some of the recommendations including improved air pollution controls on its large boilers to

reduce air particulates and the risk of pollution control equipment failure. The EPA reviewed the draft audit report and the final audit report was completed in July 2015.

The EPA is now negotiating with Qenos on some of the longer term projects through pollution reduction programs which will allow the company time to plan for capital investment while reducing the risk of odour, water and air pollution.

Coal Seam Gas industry

In 2014–15, the EPA completed 61 inspections of coal seam gas operations and completed eight investigations including at the AGL Gloucester site, Santos Narrabri and the Camden Gas Field. At the AGL Gloucester site, the EPA investigated matters relating to monitoring data and the disposal of flowback water. The inspections at this site focused on the integrity of produced water storage facilities, monitoring hydraulic fracture stimulation activities, the management of flowback water, conducting gas monitoring and monitoring venting of gas. At the Santos Narrabri site, the EPA investigated the operation of flow lines, completed investigations into possible leaks from storage ponds, conducted gas monitoring and general inspections of the premises. The EPA also regularly inspected the Camden Gas Field, which has included conducting gas monitoring and investigating issues associated with a gas release.

Private Native Forestry and Crown Forestry Performance

In 2014–15, the EPA undertook 89 audits and investigations of native forestry operations on private and public land, issuing 28 advisory letters, a formal warning, eight show causes, two clean-up notices, 11 official cautions and six penalty notices. Thirty-two of these audits and investigations were for operations on private land, and as a result two show causes, a clean-up notice and two official cautions were issued. Fifty-seven of these detailed audits and investigations were for the Forestry Corporation of NSW's operations on public land, resulting in the issuing of a formal warning, six show causes, a clean-up notice, nine official cautions and six penalty notices.

Brigalow Forestry Compliance Campaign

A forestry compliance campaign was conducted in the Pilliga and Barradine areas of NSW. The campaign included extensive activities on private land and compliance audits on public land. EPA staff met with landholders, saw millers, harvest contractors and Forestry Corporation of NSW. EPA staff conducted field audits of active logging operations on public land. The campaign promoted understanding and compliance with native forestry regulations, and the role of the EPA in regulating native forestry in the area.

Performance in comparison with other Australian jurisdictions

The EPA liaises with other Australian jurisdictions and actively seeks to meet or exceed best practice. The EPA performs favourably when compared with other Australian jurisdictions as evidenced by its role in leading national programs and harmonisation initiatives, its participation in national and state regulatory assessment tools, and enhanced regulatory frameworks.

National Environment Protection (Ambient Air Quality) Measure

In 2014–15, the EPA continued to lead the national review of the particle standards under the National Environment Protection (Ambient Air Quality) Measure (AAQ NEPM). The EPA has invested considerable resources to initiate and advance national work on air pollution. The review of the AAQ NEPM would not have been initiated or undertaken without NSW leadership.

Australian governments use national air quality standards to benchmark urban air quality and support their regulatory decision making. All governments have a public interest in ensuring national air quality standards are sufficiently protective of human health and based on sound and contemporary science.

The review of national particle standards has encompassed an extensive program of work and involved the development and public consultation on a series of detailed technical and policy documents, including a health risk assessment of air pollution in Australia, an integrated economic assessment, an Impact Statement and draft varied National Environment Protection (Ambient Air Quality) Measure (AAQ NEPM).

In 2014–15 the EPA led a series of national meetings to consult on proposed changes to the AAQ NEPM. Responses from public and community groups demonstrate a substantial level of interest in air quality issues as well as expectations of continued improvements in air quality and actions to achieve it.

Australian Environment Ministers agreed in principle to support varying the AAQ NEPM to implement strengthened standards for fine particles, including PM_{2.5} standards for annual average and 24-hour concentrations of 8 micrograms and 25 micrograms respectively, with a move to 7 micrograms and 20 micrograms per cubic metre as longer term targets. These standards represent the highest level of health protective PM_{2.5} standards in the world. A move to 7 micrograms and 20 micrograms will afford an even greater level of health protection.

Proposed changes to the standards are being considered by all states, with Environment Ministers having agreed to finalise consideration of the NEPM by 31 December 2015.

National harmonisation – leading reforms across states and territories

The EPA actively engages with national reform processes to improve environmental and human health outcomes. However, the EPA will take the lead and act alone where national processes are unable to deliver important reforms. The EPA is the first Australian regulator to require electronic stability control to be fitted to all new dangerous goods tank trailers from 1 July 2014 and retrofitted to existing tank trailers by 1 January 2019. Electronic stability control can save lives by reducing the risk of roll-overs.

The EPA was also the first Australian regulator to ban UV tanning services (solaria) from 31 December 2014. Solaria have been shown to increase the risk of melanoma, especially among young people. Other Australian states have now followed the NSW lead on banning solaria.

The EPA has championed harmonisation of the contaminated site auditor accreditation process and is now working cooperatively with both Victoria and South Australia with a goal of a national accreditation process.

The EPA also wrote to the Cross Border Commissioner raising issues regarding cross border use and regulation of pesticides. The EPA's concerns raised included spray drift and impact to crop and the bee industry. The EPA will be following up on this issue in 2015–16.

AELERT Modern Regulators Tool

The EPA is a member of the Australasian Environmental Law Enforcement and Regulators Network (AELERT). In 2014–15 representatives from environmental regulatory authorities in Australia, including EPA, participated in an AELERT workshop to refine and pilot the Modern Regulator Improvement Tool. This included defining the attributes of a modern regulator under the following regulatory characteristics: leadership/culture, capability/improvement, governance/delivery and vision/role/strategy. Assessments were then based on descriptors for each attribute under the following maturity levels: leading, well established, maturing, developing, emerging and absent.

While individual agency results were not collected, the overall results from this pilot showed that as a whole the participating environmental regulators were at a maturing level for the attributes of vision/role/strategy and governance/delivery and well established in regulatory philosophy/approach and training/procedures. The tool has since been released by AELERT and agencies, including EPA, have been asked to undertake an assessment for their organisation and provide feedback to AELERT in 2015–16. Information collected will be used as part of an interactive session being run at the 2015 AELERT biannual conference in October to discuss ways to improve maturity in certain attributes.

NSW Department of Premier and Cabinet's Regulators' Tool

The NSW Government's Quality Regulatory Services initiative comprises a number of reforms to make it easier for business and individuals to interact with NSW regulators. Under the reforms regulators will promote an outcomes-focused and risk-based approach to compliance and enforcement. As part of the initiative, Government has developed guidance material and a diagnostic tool to assist regulators to implement and embed this framework into their culture, plans and activities. The tool examines a number of aspects of regulation including defining outcomes, identifying and assessing risks, allocating resources and monitoring reporting and continual improvement.

The results of the diagnostic tool illustrate the EPA's strength at identifying risks, defining outcomes and tailoring enforcement response, the importance of its adaptive approach to resource allocation to deliver improved outcomes, and the value in developing measures to monitor and report on performance over time. The EPA will use the results to inform its ongoing regulatory processes.

Enhanced regulatory frameworks

The EPA further enhanced its regulatory capacity with the commencement in January 2015 of the *Protection of the Environment Legislation Amendment Act 2014*. This legislation aligns the alternative sentencing provisions available under the legislation the EPA administers and increases some maximum penalties under the *Contaminated Land Management Act 1997* (CLM Act) to align with penalties for similar offences in other environmental legislation, particularly the POEO Act. These changes, and complementary changes made under the Protection of the Environment Operations Amendment (Illegal Waste Disposal) Bill 2013, mean that NSW has some of the highest penalties in Australia that can be imposed by a Court for environmental offences.

In establishing the EPA's new role as lead regulator of gas, comparisons with other jurisdictions show that no two regulatory frameworks for the gas industry are exactly the same. The NSW model of making the EPA responsible for the compliance with and enforcement of approvals and licences issued by other Government agencies is a new model for the regulation of petroleum exploration, assessment and production. The model aims to streamline the regulatory framework to align with the recommendations of the NSW Chief Scientist and Engineer's review of coal seam gas activities in NSW. This new approval gives the EPA the broadest role in regulating gas activities amongst all environmental agencies in Australia.

Contaminated Land Management Act 1997

As part of a commitment to continually improve the regulation of contaminated land in NSW, the EPA commissioned the Cooperative Research Centre (CRC) for Contamination Assessment and Remediation of the Environment (CARE) to benchmark the CLM Act against relevant regulatory frameworks in other Australian jurisdictions. The CRC report found that the provisions of the CLM Act are not directly comparable to the regulatory frameworks in other jurisdictions. The report identified differences between the jurisdictions in the regulation and recording of contaminated land, and concluded with a number of key findings.

While the CRC report did not identify any significant shortcomings in the capabilities of the NSW framework for the regulation of contaminated land and found the system to be effective, the EPA's review of the differences between Australian jurisdictions suggests that potential improvements can be made such as expanding the role of site auditors, improving the use of planning certificates, further improvements to public accessibility of information and requiring that practitioners are certified.

Container deposit scheme

On 28 April 2014, the NSW Government agreed in principle that NSW explore the development of a cost-effective container deposit scheme.

State of the NSW Public Sector Report

The Public Sector Commission provided the EPA with main findings for the State of NSW Public Sector Report in January 2015. Across the sector, the practices that had a low degree of implementation were those to support mobility, talent management, diversity and an ageing workforce. This was also the case for the EPA, with the exception that the EPA had a higher degree of practices to support gender equity and lower degree for customer service. The EPA also performed well in regard to internal communications and approaches to change management. From this report the EPA has identified priority issues for improvement including upskilling of staff in customer service, introducing mechanisms to identify and retain staff talent and to improve cultural diversity.

Recommendations for improving EPA performance

The EPA Board considers that the EPA has achieved success in environmental protection as evidenced by its key achievements, favourable findings from substantial independent reviews and in the performance of the industries that it regulates.

Air quality has significant implications for health, and the EPA should continue to implement programs to improve local and regional air quality and also develop a statewide strategy to address air quality concerns in NSW.

The EPA Board acknowledges that remediation of contaminated land resulting from the historical legacy of poor industrial and waste management practices, is a technically challenging and expensive undertaking. However, the investigation and clean-up of contaminated land is important in protecting human health and the environment and for returning degraded land to productive use. The EPA should consider ongoing legislative and policy reform to ensure the responsible parties make adequate provision to address their contamination liabilities, and clean up these legacies in an appropriate timeframe. The EPA Board agrees that an important theme for the EPA in the year ahead will be to develop an approach to managing environmental liabilities that ensures polluters are held responsible for accumulated stockpiles of problematic wastes and the true cost of remediation and clean-up. It is recommended that the EPA prioritise this initiative in the year ahead.

The EPA should further enhance reporting on industry performance using the environmental management category under risk-based licensing for environment protection licences.

While the EPA and NSW Government are implementing most of the recommendations from the Upper House Inquiry, the EPA Board recommends a continuing focus on stakeholder engagement strategies. In addition, the EPA could further improve its digital interactions with stakeholders, and obtain funding for the continued implementation of the ICT Strategy.

The EPA Board also recommends that the EPA build on its good results from staff feedback by underpinning best practice equity and diversity policies.

EPA Board governance

EPA Board

The EPA Board, established under section 15 of the POEA Act, is an independent, expertise-based governing body that oversees and monitors the EPA.

The EPA Board has five members – the Chair and CEO and four part-time members – appointed by the Governor of 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 AM: Chair and CEO

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

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

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

Responsibilities

Under Section 19 of the POEA Act, the Chair is charged with the responsibility of managing and controlling the affairs of the EPA in accordance with the policies determined by the Board and any other decisions of the Board, subject to any directions 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 Deputy Chancellor at 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, and finance and risk management. Mr Brennan sits on the EPA Finance, Audit and Risk Committee.

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

Christine Covington

Christine Covington is a solicitor of the Supreme Court of NSW with over 29 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 35 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 over 30 years' experience in science, planning and the environment. She has expertise in environmental and sustainability regulation and a deep understanding of the planning, approval, design, construction and management of infrastructure, property and natural resource projects. Ms Savet Ward is also skilled in brokering and managing relationships between government and the community. She is also the chairperson of a charity and a private consulting company.

Terms of appointment

Board members		Term of appointment
Barry Buffier AM	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*
- advise the Minister for the Environment on any matter relating to the protection of the environment
- receive reports from the EPA on any failure of the EPA to comply with its requirement to review environment protection licences every five years
- approve the EPA granting an exemption from the provisions of the *Protection of the Environment Operations Act 1997* or other relevant EPA-administered legislation to any 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 2014–15, the EPA Board met nine times. The majority of meetings were held in Sydney, with the February meeting held in Parramatta followed by a meeting with the Board of Sydney Water, and the May meeting held at Narrabri. The Narrabri meeting was a part of a two-day regional visit by Board members, which included a site visit to Santos' Narrabri Gas Field Operations, attendance at the Narrabri Community Consultative Committee meeting and a meeting with Narrabri Shire Councillors.

Members attended all the meetings in 2014–15 on the following dates except as indicated:

- 2 July 2014
- 19 August 2014
- 28 August 2014 (extraordinary meeting, Christine Covington absent)
- 17 September 2014
- 4 November 2014
- 3 December 2014
- 25 February 2015 (Parramatta, including meeting with Board of Sydney Water)
- 1 April 2015 (including meeting with Keep NSW Beautiful)
- 19–20 May 2015 (in Narrabri)

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 by July 2014 for the previous financial year. Members may also need to lodge special disclosures from time to time. Board members are given an opportunity at the commencement of each meeting to declare any potential, perceived or actual conflicts of interest, and those declared by Board members are recorded in the minutes of each meeting.

Conduct

The Board follows:

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

EPA strategic plan

In 2014–15, the EPA aligned with strategic plan 2014–17, which rolled on from the 2013–2016 plan with minor changes.

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

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

EPA Strategic Plan 2014–17 defines the EPA's role and the strategies that the EPA is committed to implementing to achieve environmental outcomes for NSW. The EPA's Key Result Areas were linked 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 Plan key result areas 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

In the following section we explore each key result area of our strategic plan and highlight some of our key achievements.

Key Result Area 1: Informed planning decisions

Selected key achievements

- Responded to 554 planning referrals from local councils and the Department of Planning and Environment.
- Ongoing advice to the Department of Planning and Environment on strategic planning instruments including the mining policy audit and integrated mining policy.
- Specialist advice to determining authorities for technically complex and contentious developments in coal seam gas at Gloucester and Narrabri.
- Advised NorthConnex, a \$3-billion, twin, 9-kilometre tunnel project, about noise, vibration and water quality during construction and about monitoring air emissions when tunnel is in operation.
- Advised the Department of Planning and Environment and Transport NSW about licensing requirements and construction hours of the CBD and South East Light Rail project.

Provision of effective advice on environmental matters in the making of strategic instruments

Managing diesel and marine emissions

The EPA made the regulation of diesel and marine emissions a priority in 2014–15 since there is increasing evidence that fine particles and diesel emissions have adverse impacts on the environment and human health.

In February 2015 the EPA released the Diesel and Marine Emissions Management Strategy which outlines current and future actions being considered by the EPA, covering:

- non-road diesel equipment – setting performance standards on equipment procured or contracted by NSW government agencies
- locomotives – piloting of an emissions upgrade project
- shipping – research into feasible emission reduction measures
- coal mines – proposed requirements to reduce diesel exhaust emissions.

The strategy was guided by a workshop with diesel emission experts, and a second, more targeted, workshop with shipping industry stakeholders.

The strategy recommended the amendment of the Protection of the Environment Operations (Clean Air) Regulation to require cruise ships to use low sulfur fuel (0.1% or less) while berthed in Sydney Harbour.

The EPA will continue to:

- engage and inform experts, government, industry and community stakeholders about proposed regulatory measures to reduce diesel emissions
- strengthen and act on evidence about diesel emissions
- use innovative and effective tools to reduce emissions.

While EPA planning focuses on wide-ranging and long-term improvements to NSW air quality, these strategies prioritise action at locations where population exposure and emission impacts are greatest.

Western Sydney Employment Area

The EPA holds an active planning role in the Western Sydney Employment Area (WSEA) draft structure plan that includes issues surrounding air, water, noise, waste management and contaminated land management.

The WSEA draft plan initially covered a land area of approximately 10,690

hectares in western Sydney, intending to provide land for industry and employment and catering for transport and logistics, warehousing and office space. With the recent decision to build Sydney's second airport at Badgerys Creek, the NSW Government announced the expansion of the WSEA to include an additional 4357 hectares of land which will interface with the South West Growth Area and the second airport.

In particular, the EPA is working with a number of government agencies including the Department of Planning and Environment, OEH, Office of Water and Sydney Water to develop a whole-of-government approach to ensure that the health of waterways is maintained in the South Creek catchment, which includes the WSEA, while accommodating future growth and expansion in the area. This approach will provide a clear link from strategic planning to development control.

Decision-makers informed and due consideration given to the environmental impacts of development

NSW Ports' 30-Year Master Plan

In March 2015, the EPA provided input into the development of the NSW Ports' 30-Year Master Plan which aims to guide long-term port development and infrastructure. It is expected the master plan will forecast 30-year trade volumes and growth and consider efficient and sustainable requirements while identifying land use and infrastructure requirements to support the forecast future demand.

The EPA provided comprehensive comments on the master plan to NSW Ports including the following considerations:

- air quality, water quality, noise, contaminated land management and waste management
- the application of the Australian Leading Practice Port Master Planning and the European Commission's Environmental Code

of Practice for Sustainable Port Development and Management

- the need for detailed, structured and long-term plans and guided decisions regarding port locations and their compatibility with future development, and of particular note, high-volume locations such as at Port Botany, Port Kembla, Cooks River and Enfield
- management approaches including transitional processes that address future land-use conflicts.

The EPA recognises the importance of our ports and associated infrastructure for the future economic growth and development of NSW. The anticipated increase in these activities and the urban density of surrounding areas will call for careful planning and management to minimise land-use conflicts. The EPA is committed to working with NSW Ports and other stakeholders to ensure that environmental health is balanced with community amenity needs and ensuring these elements are considered in Ports NSW strategic planning processes.

Provision of consistent and high-quality advice on planning matters

Technical and regulatory advice for the Division of Resource and Energy codes of practice

The Division of Resources and Energy (DRE – within the NSW Department of Industry, Skills and Regional Development) has developed codes of practice for the resources industries. The codes are primarily used to facilitate the assessment of exploration activities consistent with the *Environmental Planning and Assessment Act 1979*. The codes also provide a practical compliance guide for title holders.

As the lead regulator for gas activities, the EPA delivered timely input into the DRE codes of practice by reviewing the enforceability of the language used and providing technical advice, ensuring the codes are practical and effective. The

EPA's input covers the appropriate level of environmental performance and best industry practices for various coal seam gas proposals. The EPA will continue to

engage with DRE and provide ongoing input and advice on further codes of practice.

Key Result Area 2: Improved environmental outcomes

Selected key achievements

- The Protection of the Environment Operations Amendment (NSW Gas Plan) Regulation 2014 (Amending Regulation) came into effect on 19 December 2014.
- Gas activities including conventional, coal seam and tight gas now required to hold an environment protection licence issued by the EPA.
- Commenced a compliance audit to ensure that petrol stations comply with the requirements to install vapour recovery equipment; the audit led to a vapour recovery program to minimise ozone and petrochemical smog.
- \$900,000 provided to support programs that reduce the impacts of wood smoke.
- Issued 1223 vehicle inspection notices targeting noisy vehicles, requiring vehicle owners to present their vehicles for an exhaust noise test. Issued 116 penalty notices to owners of vehicles with exhaust noise above the legal limit. Suspended over 419 vehicle registrations due to non-compliance.
- Trained NSW Roads and Maritime Services inspectors and NSW Police officers to substantially increase the state's on-road compliance and enforcement for dangerous goods transport.
- Received notice of 54 potentially contaminated sites with five of these determined to be significantly contaminated; facilitated the remediation of nine contaminated sites.

Water, air, land and local communities protected from harmful pollution

Prevention of contamination

During 2014–15 the EPA initiated a series of industry-focused programs intended to prevent operational premises of high-risk industries from becoming future contaminated sites. Preventative programs have focused on service stations, car-wrecking yards, marina sites, dry-cleaning premises, small waste facilities and timber treatment premises.

The EPA consulted with the Motor Traders Association of NSW to work towards developing a more consistent approach to environmental management between licensed and unlicensed car-wrecking premises to make the industry cleaner and better regulated. Programs targeted the

prevention of soil and groundwater contamination, and improved communication between regulators (council, police, the EPA) was also addressed.

In cooperation with Fairfield, Liverpool, Bankstown and Sutherland councils and Police Local Area Commands, the EPA undertook 27 cold-call inspections in car-wrecking yards across the Sydney metropolitan area which identified that poor environmental practices coincided with unsafe work premises and low levels of compliance with local government administered legislation.

As a result of this coordinated operation, the EPA and WorkCover together are assessing the feasibility of a coordinated environmental compliance operation. The EPA is preparing guidance materials and auditing tools to distribute throughout the car-wrecking industry and local councils.

These initiatives will assist in preventing contamination and avoid costly remediation caused by non-compliance.

Pasminco Lead Smelter

EPA has established two committees to review the management of soil contaminated with lead and lead slag as a result of operations from the former Pasminco Lead Smelter at Boolaroo.

The Lead Expert Working Group will evaluate the effectiveness of the Lead Abatement Strategy and other remediation activities and will liaise directly with the Lake Macquarie Lead Community Reference Group.

The Lake Macquarie Lead Community Reference Group will provide a conduit to inform the community of ongoing work in relation to this issue, provide a voice for the community and facilitate ongoing communication between industries and the local community.

These committees, made up of technical experts and community members, will work to ensure the residents of Boolaroo, Argenton, Speers Point and the wider community have access to information about the environmental and human health issues associated with the management of exposure to lead around the site.

Both committees have been established by the EPA in response to community concern about lead levels in Boolaroo and the effectiveness of the Lead Abatement Strategy which was undertaken on residents' properties up to 2013.

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

Epping to Thornleigh Third Track project

Complaints from Cheltenham and Beecroft residents, received via EPA's Environment Line, prompted investigation into the management of dust and local air quality in surrounding areas of the Epping to Thornleigh Third Track project.

In response to the complaints, the EPA increased the frequency of project site inspections to ensure compliance with licence conditions, including dust management. Also, while a range of dust suppression measures had already been implemented on the project site from the start of construction, the EPA sought further improvements to minimise dust, including:

- the selection of construction equipment with integrated dust suppression systems to help reduce dust at the source
- the use of water additives, in combination with standard dust watering techniques, to help with dust precipitation.

The Epping to Thornleigh Third Track project is expected to be completed in 2016 and will provide one additional rail track to allow separation of freight and passenger trains, creating additional capacity for freight rail and improved reliability of passenger services. The project is subject to an environment protection licence issued by the EPA to the construction contractor (as well as a number of conditions of approval administered by the NSW Department of Planning and Environment).

The EPA's regulation of the site resulted in improved environmental outcomes for the community, with dust emissions minimised as far as practicable.

Improving air quality in Newcastle and Port Kembla

The past few years has seen increasing concern among communities along the rail network to Newcastle and Port Kembla about the potential health impacts of leaks and spills of coal and coal dust emissions during the rail transport of coal.

In 2014, the EPA undertook a compliance audit program on coal-train loading and unloading facilities. The program examined 15 licensed premises, including all four export coal terminals and 11 coal-train loading facilities.

EPA auditors assessed how each of the premises minimised or prevented the loss

of coal in the form of spills, leaks and dust emissions during rail transport. The audits identified 26 non-compliances related to:

- issues with the tops of wagons such as inconsistent or poorly formed load profiles
- deposition of coal on the exterior of wagons
- wagon-door monitoring
- maintenance of equipment.

The EPA developed action programs requiring licensees to address all identified non-compliances and, in May 2015, commenced the follow-up inspections to assess progress.

The findings indicate that licensees have implemented a range of measures to address the non-compliances. These include commissioning new, fully automated loading facilities and controls, installing in-line coal moisture monitoring, undertaking maintenance and calibration of equipment, updating procedures and improving the training of load-out operators.

The compliance audit program has resulted in coal-train loading and unloading facilities in NSW implementing improved methods and procedures to minimise the loss of coal during rail transport. This is expected to result in improved air quality and reduced dust impacts in areas adjacent to rail corridors. Industry and community awareness of the issue has also been raised through publicly available audit reports and a summary report.

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

The UV tanning unit disposal scheme

On 31 December 2014, a law banning ultra violet (UV) tanning services came into effect in NSW. Cancer authorities have estimated that the ban on UV tanning services will save 10 lives lost to melanoma every year and hundreds of thousands of health dollars spent each year treating the estimated 120

melanomas and other cancers associated with the use of tanning units.

Before the ban took effect, the EPA offered tanning businesses the opportunity to dispose of unwanted tanning units via the UV tanning unit disposal scheme (funded by the NSW Environmental Trust). The scheme, commencing in 2013–14 offered incentives including free collection and permanent disposal (destruction) of tanning units, and a \$1000 per unit rebate to the unit owner with the aims of:

- minimising the number of units available for illegal use
- minimising environmental impacts by maximising the amount of material recovered for reuse.

During 2014–15, 47 tanning units were collected by the EPA and disposed of under the scheme (which has now closed), amounting to a total 65 units over two years. This resulted in an estimated 20,000 kilograms of steel, aluminium, plastic, glass and other tanning unit components being recovered for recycling over the two years of the scheme, as well as the safe containment and reuse of an estimated 46,000 milligrams of toxic mercury from the tanning unit lighting.

Mandatory environmental audit of plastics manufacturer Qenos

Qenos operates a large petrochemical and plastics production facility at Matraville (Botany). Following a number of environmental incidents in the three years to May 2014, the EPA imposed a mandatory environmental audit on the Qenos plant. The incidents ranged from discharges of effluent and cooling water to flaring events and increased particulate emissions. The EPA had previously issued formal warnings and penalty infringement notices to Qenos in response to some incidents.

In view of the number and nature of the incidents that had occurred at the Qenos plant, it was deemed appropriate to require Qenos to complete a mandatory environmental audit. The audit allowed independent auditors to review the facility and undertake specialist analyses.

The audit was conducted mainly during the 2014–15 financial year. It involved extensive inspections, interviews with key Qenos personnel and comprehensive reviews of systems and procedures. The auditor made 40 recommendations aimed at improving environmental performance.

The EPA will work with Qenos during 2015–16 to develop pollution reduction programs to implement the longer term projects recommended by the auditor. This will allow Qenos to plan for capital investment while reducing the risk of water and air pollution.

Qenos proactively completed a number of improvements during the course of the audit including work on its large boilers to reduce air particulate emissions and to reduce the likelihood of failures of pollution control equipment.

Electronic stability control laws to help prevent truck roll-overs

The EPA became the first dangerous goods regulator in Australia to require all new dangerous goods tank trailers to be fitted with electronic stability control (ESC). This requirement came into effect on 1 July 2014. The EPA followed this Australian first by requiring all existing tank trailers to retrofit ESC by 1 January 2019.

The initiative of installing ESC on existing trucks carrying dangerous goods on our roads is in line with the recommendations of the Deputy Coroner after a fatal fuel tanker accident at East Lynne in 2009. ESC has been adopted in Europe and more recently in the US for all heavy vehicles, and Australian industry associations have consistently supported the adoption in Australia. Transport for NSW and Roads and Maritime Services also support the initiative as a way of improving safety for all road users.

The five-year phase-in allows tanker companies, equipment suppliers and installers to schedule work so all of the fleet can be compliant in 2019. To monitor progress in the five-year period, tanker companies are required to provide annual progress reports outlining the proportion of their fleet that had ESC installed and

commissioned. The reports will be publicly available on the EPA website.

The EPA has consulted key stakeholders to ensure the initiative is implemented effectively by industry, including emergency services, transport and dangerous goods regulators, and health agencies, all of which have consistently supported the adoption of electronic stability control with roll stability.

Contaminated land restored for use by the community and business

Caltex Kurnell refinery conversion and demolition

During 2014–15 Caltex Refineries (NSW) Pty Ltd ceased operations at its petroleum refinery at Kurnell in order to convert the facility to a finished fuel terminal. Process units and associated infrastructure were shut down and decommissioned in preparation for its future demolition and removal.

The premises continues to be regulated by an environment protection licence (EPL 837). The EPA has commenced moving the licence from a refinery to terminal operations in discussion with Caltex. As part of the transition, the EPA has requested Caltex to characterise the wastewater discharged from the site to help inform future requirements for wastewater treatment.

During heavy rain in March 2014, oily water was discharged from the refinery into Botany Bay polluting beaches on the northern side of the bay. In response, the EPA issued Caltex with a clean-up notice requiring an ecological impact assessment to be undertaken on the affected areas. Caltex also entered into an enforceable undertaking with the EPA to provide \$120,000 to a number of local environmental programs.

In late 2014 some decommissioning and cleaning activities resulted in the discharge of oily water into Botany Bay off Silver Beach and emission of offensive odours beyond the boundary of the premises. The EPA investigated these

incidents and implemented appropriate regulatory action directing the company to implement environmental improvements to ensure that licence conditions were complied with at all times. The actions included issuing a clean-up notice and a \$15,000 penalty notice for the pollution of waters incident as well as issuing an official caution for the odour incident.

In June 2014 Caltex applied to the Department of Planning and Environment to modify its refinery conversion project approval to permit the demolition of the refinery process units. The EPA provided its assessment requirements to ensure environmental impacts associated with the demolition activities are satisfactorily addressed. Key issues included the protection of water quality in Botany Bay and the management of noise impacts. This modification is pending approval by the NSW Planning Assessment Commission.

Regional waste initiatives

Managing waste and recycling in regional NSW involves particular challenges. These include lower volumes of collected recyclables, large transport distances, limited local government resources (due to low population numbers) and expertise, and poor historic landfill design, management and location.

The EPA conducted performance audits (in 2013–14) of licensed, unlicensed and closed landfill sites throughout the Armidale and Far West regions of NSW. The audits identified a range of common performance issues. A number of councils subsequently applied for funding under the EPA *Waste Less, Recycle More* program for:

- landfill closure and remediation
- construction of transfer stations
- landfill consolidations
- community recycling centres
- site improvements to reduce risks and environmental impacts.

During 2014–15, 14 councils in the Armidale and Far West regions of NSW received almost \$1.8 million in grants to

build community recycling centres which will provide a collection service for problem wastes including paint, oils, batteries, gas bottles, smoke detectors, fluorescent globes and tubes. A further \$210,000 was provided to two councils to help clean up existing wastes and increase education and enforcement to combat illegal dumping.

In addition, 19 businesses in Armidale and Dubbo areas have participated in the EPA's Bin Trim program where experts provide free waste assessments, support and advice to businesses across NSW to help them reduce waste, increase recycling and save money. Eleven of these have implemented actions to reduce waste from landfill. For example, one club in Dubbo will save \$6000 annually on waste service costs as a result of their Bin Trim assessments.

Reduced risks of impacts from native forestry operations on forest values

Koala mapping in Royal Camp State Forest

Logging on public land is regulated under integrated forestry operations approvals (IFOAs) held by the Forestry Corporation of NSW. The current threatened species licences in the IFOAs include requirements for searching and identifying evidence of koalas ahead of active harvesting operations in public native forestry areas.

Investigations carried out by the EPA in Royal Camp State Forest highlighted issues with the effectiveness and enforceability of current koala survey requirements which rely heavily on identifying koala droppings. Although searches can identify recent activity by koalas, the requirements have not been consistently effective at identifying important koala habitat and populations in NSW. Consequently, minimal koala habitat has been identified and excluded from logging operations to date. Koala searches are also costly to implement and difficult to regulate.

To replace the existing presence and absence triggers, the EPA has commenced broad-scale mapping of koala habitat. Between March and June 2015, the EPA carried out fine-scale koala habitat mapping pilot across four state forests in northern NSW. The pilot area covered around 7000 hectares of native forest in Royal Camp, Carwong, Maria River and Clouds Creek state forests.

Funds sourced from the waste and environment levy (via the Environmental Trust grant) totalling \$125,000 were allocated to the EPA to implement a range of different mapping techniques, including mapping of vegetation using high-resolution aerial imagery, plant community type mapping, koala activity surveys, as well as new approaches to koala habitat modelling.

The koala mapping pilot program is informing future approaches to koala mapping and assessments that could cover all native forestry areas in NSW. The EPA is part way through a \$373,000 native forestry koala mapping program to be completed over three years. When completed, this mapping project will be used to inform appropriate conditions, including exclusion zones, the protection of feed trees and other alternative provisions in the consolidated coastal IFOAs. The intention is that logging operations are planned and carried out in full knowledge of the location and value of koala habitat, so that appropriate protections are applied.

The mapping will help develop appropriate conditions for the long-term management and protection of koala habitat as part of the remake of coastal IFOAs and any future revisions of the Private Native Forestry Code of Practice.

Mapping threatened ecological communities

The recognition and management of threatened ecological communities (TECs) in NSW native forestry has presented long-standing challenges in planning, managing and regulating native forestry operations. Issues and uncertainty surrounding the interpretation and

characterisation of threatened ecological communities in the field has hampered efforts to protect them. To date, the full and accurate extent of these entities within the 2 million hectares of public forestry estate is largely unknown.

The EPA is leading a ground-breaking project to recognise and map 25 priority TECs assessed as being most at risk of harm from forestry-related activities. With the assistance of OEH, comprehensive fine-scale mapping of the extent of these TECs is under way within a Crown forest study area of 1.4 million hectares (315 individual state forests). Through the coastal IFOA remake, the TEC mapping will be formally recognised in the regulatory framework with provisions in place to provide effective protection.

During 2014–15 a significant amount of field work has been undertaken to inform high-resolution mapping and analyses. Over 1000 plots in candidate TECs have been assessed to underpin distribution models, classifications and aerial photography interpretation. Two priority tableland TECs have been mapped across their range, with mapping well progressed for an additional 12 TECs, with assessment due to commence soon on a further 11 TECs.

The TEC mapping will improve environmental outcomes by managing potential impacts of forestry activities on areas of high conservation value. It will also increase certainty for industry, the community and the regulator. The substantial body of floristic data collected has been incorporated into the Vegetation Information System (VIS) database. This ensures the vegetation data is accessible to other statewide mapping programs and initiatives.

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

Regulating coal seam gas activities

In 2013, the role of the EPA in relation to coal seam gas was expanded so that all coal seam gas activities require an

environment protection licence. The EPA took on the lead role in regulating the environmental and health impacts of this industry.

The EPA has established a strong regulatory framework to ensure that coal seam gas activities comply with agreed environmental performance standards. The EPA has also developed and refined its skills and training to address the level of risk and community expectations associated with the coal seam gas industry.

During 2014–15, the EPA completed 61 inspections of coal seam gas operations and completed eight investigations. The EPA has also issued a penalty notice, clean-up notices, required the provision of information and records via 193 notices and issued pollution reduction programs and licence variations.

The EPA's investigations and inspections at Gloucester, Narrabri and Camden are noted in the regulatory impact assurance statement of this Annual Report.

With the commencement of the Protection of the Environment Operations Amendment (NSW Gas Plan) Regulation 2014 on 19 December 2014, all gas activities in NSW require an environment protection licence from the EPA. As with coal seam gas licences, these licences contain strict, legally enforceable conditions that are designed to protect the environment and the community.

From 1 July 2015 the EPA is responsible for compliance and enforcement of all conditions of approval and licences (excluding work health and safety) relating to gas activities in NSW.

Key Result Area 3: Innovative waste management

Selected key achievements

- Resource recovery increased by 113,000 tonnes a year as a result of nine resource recovery expansion and enhancement projects valued at over \$13,000,000.
- Forty-two new community recycling centres approved for construction.
- The Bin Trim Recycling program has engaged 8378 businesses.
- \$186,018 provided to food donation projects to enable the redistribution of excess food to people in need.
- The largest commercial and industrial waste stream audit undertaken in Australia provides valuable baseline data to aid decision-making under the *Waste Less, Recycle More* program.
- \$5.8 million provided to 10 councils to introduce new or better kerbside bins for food and garden waste.
- Fifteen regional councils and voluntary regional waste groups awarded \$4.18 million to employ waste coordinators to prepare and deliver new regional waste strategies that boost recycling and reduce waste in landfill.
- Provided \$2.67 million to local councils for litter prevention projects, resulting in over 40 councils achieving an average 60% reduction in littered items in their local litter hot spots.
- More than a two-fold increase in the reporting of littering from vehicles since 2013–14.

Waste generation reduced

Reducing food waste through education

Food is the largest component of household waste, comprising 35% of the waste going to landfill in NSW each year. Households waste an estimated 800,000 tonnes of food each year while business wastes 170,000 tonnes.

In 2014–15, a total of \$237,684 was awarded to eight *Love Food Hate Waste* education grants to help reduce food waste. The projects covered 20 local government areas to reach more than 5000 households and 214 businesses. They included innovative education initiatives targeting NSW's biggest food wasters such as:

- \$69,960 to the Youth Food Movement for *Food in Real Life*

workshops, targeting young people aged 18–24

- \$30,184 to Illawarra Area Childcare Centre, for Growing Young Food Lovers, targeting families with young children
- \$26,810 to Canada Bay Council for the Eat, Taste, Create project, targeting local food businesses.

EPA's *Love Food Hate Waste* program also hosted a professional development seminar for 40 partners and *Loving Food*, a workshop to inform and engage people from more than 70 community groups in ways they can support food-waste avoidance.

The program's ongoing activities to give households and businesses the tools and knowledge they need to reduce food waste saw partnerships established with more than 200 organisations, 73,261

unique visitors to the website and the distribution of quarterly newsletters to 2200 subscribers.

Recycling increased

Bin Trim Business grants program

The Bin Trim Business grants program aims to make recycling in the workplace the norm. The program stimulates demand for better recycling among small businesses, also creating an incentive for waste service providers to offer cost-effective solutions.

The Bin Trim Business grants program funds waste experts to visit businesses and show them where they can recycle better, saving more money.

The program aims to engage with 20,000 small businesses over four years. During Round 1 of the program:

- grants between \$50,000 and \$250,000 given to waste experts to provide free Bin Trim assessments to small businesses
- a total of 43 applications were received, and 27 were successful in obtaining \$4,764,617 in grant funding
- 8378 small businesses took part in the program
- recycling rates of participating businesses increased on average from 33% to 48%.

The \$35-million Business Recycling Fund was established under the NSW EPA's *Waste Less Recycle More* initiative. The fund aims to drive waste avoidance and resource recovery in businesses across NSW by encouraging businesses to sort their recycling before collection. The fund has six sub-programs, one of which is the Bin Trim Business grants program.

Expanding and enhancing resource recovery facilities

The EPA has recognised the need to invest in waste and recycling infrastructure to keep up with the growing population and subsequent waste generation. Recycling is both the interim and long-term remedy that will extend the life and

capacity of existing landfill sites; particularly in Sydney and the Illawarra, where landfill capacity is diminishing and community acceptance of new or expanded landfills is low. The major barriers to upgrading the existing recycling infrastructure include the significant upfront costs of design, contract establishment and planning approvals.

The Resource Recovery Facility Expansion and Enhancement (RRFEE) grants program aims to boost recycling infrastructure by providing upfront incentives to expand or enhance existing licensed waste management facilities for:

- recovery of recyclables from sorted and unsorted waste from business and households
- reuse, recycling and reprocessing of recyclable materials from business and households such as plastics, timber, paper, cardboard and consumer packaging
- processing and stabilisation of residual business and household waste.

Under the Waste and Recycling Infrastructure Fund, \$9.65 million has been allocated to this program. The first round of the grants (to eight grant recipients) totalled \$4.2 million in funding, and is expected to divert 82,600 tonnes of waste a year from NSW landfill. Round 2 will take place in the 2015–16 financial year.

The RRFEE grants program supports projects that stimulate and accelerate investment in new equipment and upgrades that make it possible to process more recycling. In turn, this program will also potentially attract significant private sector capital to develop NSW waste and recycling processing capacity further.

More waste diverted from landfill

The Better Waste and Recycling Fund

The Better Waste and Recycling Fund assists local council projects that improve recycling and community engagement, reduce waste generation and tackle litter

and illegal dumping, helping to achieve the NSW Waste Avoidance and Resource Recovery Strategy targets.

In 2014–15 the fund distributed \$17.2 million to 81 participating organisations including 72 metropolitan local councils to help fund waste avoidance and resource recovery projects. These included helping to expand recycling in public places, better community education, improving waste and recycling facilities, additional illegal dumping deterrence and surveillance initiatives, litter prevention campaigns, electronic waste and mattress recycling programs, as well as reuse events.

Nine regional council groups also applied for and received funding in 2014–15 to implement regional waste and recycling projects that enhanced or supported member council priorities. Regional initiatives included waste education programs, social research and waste infrastructure analysis.

Over 500 projects were supported in the first two years of the Better Waste and Recycling Fund (2013–14 and 2014–15).

A survey conducted in February 2015 among participating organisations showed that about 80% of respondents agreed or strongly agreed that the new non-contestable funding program supported local waste priorities and was administratively streamlined. About 70% of respondents somewhat agreed or agreed that the fund supported long-term, strategic waste projects and was aligned with local council planning and budgetary cycles.

Problem wastes managed better

Tackling household chemicals

Many households find it difficult to dispose of leftover or unwanted domestic household products such as paints, oils, gas cylinders and common garden chemicals in a safe and environmentally responsible way. Many items require special treatment and processing and cannot be put in kerbside bins.

To manage this problem, the NSW EPA has committed \$70 million to establish Community Recycling Centres and to continue mobile collections under the Household Chemical CleanOut program. These initiatives make it easier for NSW households to safely and correctly dispose of their problem wastes.

In 2014–15 the EPA supported additional collections of household problem wastes across the Sydney Metropolitan area, Illawarra, Central Coast and Hunter regions and in rural regional NSW (run by the Voluntary Regional Waste Group of Councils). Over 45,000 households were serviced and 1800 tonnes of hazardous materials deposited for recycling or safe disposal.

To complement the Household Chemical CleanOut program and to provide a permanent solution for the disposal of problem wastes, the NSW EPA and the NSW Environmental Trust have been funding and supporting the establishment of Community Recycling Centres. In 2014–15, 18 Community Recycling Centres opened under a plan for 86 Community Recycling Centres for problem wastes to operate across NSW by June 2017.

The Household Problem Waste program will make it easier for households to responsibly dispose of common problem wastes all year round. By providing convenient, accessible services, the EPA is increasing the state's capacity to capture and reuse recyclable material and prevent valuable resources from going to landfill.

Litter reduced

Council litter prevention grants

The EPA is delivering *Waste Less, Recycle More*, a \$465 million package to transform waste and recycling in New South Wales. As part of this initiative \$20 million has been committed to revitalising litter programs and reducing litter. In 2014–15, Round 2 grants included \$2.27 million awarded to local councils for litter reduction programs targeting local litter

hot spots. Each participating council was asked to:

- use the *Hey Tosser!* litter campaign materials
- provide new or upgraded infrastructure
- improve clean-up of targeted litter
- improve enforcement of litter offences
- monitor and evaluate the results.

Ryde City Council's Eastwood Mall project is a great example of what can be achieved in litter prevention. Eastwood Mall's campaign incorporated the NSW Government's *Hey Tosser!* campaign, adapting it for Chinese and Korean communities. The Eastwood Mall campaign resulted in:

- 74% less litter
- 107 businesses signing anti-litter pledges and 1430 individual pledges
- 10 extra cigarette butt bins installed and 60% more butts collected and recycled
- community groups supporting continued litter reduction.

In 2014–15 the EPA council litter grants scheme has reduced litter in measured hot spots by 60% and assisted with the installation or upgrade of 550 litter bins, butt bins and tangler bins for fishing line.

Reporting littering from vehicles

On 12 February 2015, the EPA launched a new webpage and mobile app to enable the public to report littering from vehicles. From 1 March 2015, the EPA began to issue fines from \$250 based on reports from members of the public. This was a significant change to the EPA's previous policy of issuing advisory letters to vehicle owners when a community report was received.

Over 100,000 'Report litter to the EPA' wallet cards have been distributed to councils, the Roads and Maritime Service and StateFleet. Each new car purchased through StateFleet has a wallet card in the information pack to encourage and remind the car users to report litter.

'Report littering from vehicles – fines from \$250 can now be issued from your reports' was part of the EPA's *Hey Tosser!* litter campaign that ran on television, radio, social media, billboards, buses and street furniture between April and June 2015. Local councils also ran local campaigns in their areas.

Between 1 March and 30 June 2015, over 12,000 app downloads were recorded, reflecting strong community support for the new way of reporting littering. As a result of the reports, 2605 fines were issued.

Illegal dumping reduced

Householders Asbestos Disposal Scheme trial

Waste Less, Recycle More provides \$58 million to combat illegal dumping, guided by NSW's first statewide illegal dumping strategy and through education, capacity-building, prevention infrastructure and enforcement. The illegal dumping strategy includes the Householders' Asbestos Scheme which started as a trial in July 2014 to explore ways of making it cheaper and easier to dispose of asbestos waste.

The trial involved waiving the waste levy on asbestos and reducing tip fees in 23 selected council areas for a period of 12 months until July 2015. The EPA also contributed \$50 per tonne as an incentive towards the safe disposal of asbestos waste. To take part, householders must live in a participating council area and be registered with their council before arranging for the asbestos to be added safely to landfill.

In July 2015 the trial concluded in some councils and will be completed across all councils by January 2016. A key benefit of the trial is that it has provided data that will determine if there is a relationship between disposal costs and the illegal dumping of asbestos waste. This information will inform future actions by the EPA to target the barriers to reducing illegal dumping.

Mitigating the illegal dumping of tyres and asbestos

During 2014–15, the EPA developed WasteLocate, an online mobile phone system, as part of a new approach to regulating the transport and lawful disposal or recycling of asbestos and waste tyres in NSW. The technology uses ‘quick response’ (QR) codes that can be read quickly by a cell phone for monitoring in real time the transport of asbestos and waste tyres from place of generation to final destination. This new technology provides the EPA with instant alerts for non-compliances. It will also provide new

reporting and mapping capabilities for more efficient and smarter regulation. In addition to WasteLocate, the Protection of the Environment Operations (Waste) Regulation 2014 introduced lower licensing thresholds for the storage of waste tyres to better manage the risks associated with this waste.

WasteLocate provides the EPA with an innovative tool to regulate the waste industry, discourage illegal dumping and the unlawful management of asbestos and tyre waste and improve compliance across the sector.

Key Result Area 4: Responsive incident management

Selected key achievements

- A revised Environmental Services Supporting Plan approved and published that focuses on the protection of the environment during emergencies.
- Up to 226² incidents involving hazardous materials reported to the EPA, which the EPA attended, assessed, or provided environmental protection and clean-up advice to emergency response organisations.
- Seventy representatives from 30 councils across the Sydney Metropolitan Area attended an EPA workshop in June 2015 to help improve the understanding and coordination of regulatory roles and responsibilities when responding to environmental incidents.
- Participation in six multi-agency incident debriefs during 2014–15 resulting in better understanding of emergency management capabilities and improved preparedness for emergency responses across NSW and interstate.
- Fourteen multi-agency emergency management exercises run in 2014–15, providing an important opportunity to practise incident response, communication and coordination between organisations.

Business is prepared for environmental incidents

Multi-agency training to optimise preparedness

The EPA is the lead agency for environmental services under the NSW Emergency Management Plan, which derives its powers from the *State Emergency and Rescue Management Act 1989* and therefore plays a key role in the prevention, preparation, response and recovery phases of incident and emergency management in NSW.

Incident management training and multi-agency emergency management exercises are key to upskilling and preparing staff to respond to incidents and provide operational and advisory input during response and recovery operations. The main areas of concern for the EPA include public health, environmental protection and waste management.

During 2014–15, staff have been involved in exercises involving scenarios such as marine oil spills, land transport and a bulk

tanker roll-over exercise, as well as mock natural disasters.

A major benefit of these exercises is in placing EPA staff (who normally would have access to more complete information and longer decision-making time frames) into emergency situations where access to information is limited, risk management is imperative and decisions must be made in the shorter time frames available during incident management.

Lake Wallace algal bloom

The EPA uses several proactive and responsive methods to mitigate and respond to events that may harm the environment. These include penalty notices, formal warnings, additional licence conditions, notices and directions, mandatory audits, enforceable undertakings, legally binding pollution reduction programs and prosecutions. The EPA also has a 24-hour statewide response capacity to attend incidents and manage contamination.

In June 2015, the EPA issued three penalty notices totalling \$38,000 to Lithgow City Council for breaching the

conditions of its environment protection licence and failing to report an incident at the Wallerawang Sewage Treatment Plant. The penalty notices followed an EPA investigation into a report from a member of the public about an algal bloom in Lake Wallace in summer 2014. The investigation found that the council exceeded its licence limits for total nitrogen and ammonia for around 35 days between December 2014 and January 2015 while also breaching its operating conditions under the licence. Nutrients such as nitrogen are essential in small quantities for plant growth but larger amounts of nitrogen and ammonia can lead to poor water quality and may contribute to the growth of algae.

The council rectified operations at the Wallerawang Sewage Treatment Plant and is now conducting activities at the plant in accordance with its environment protection licence. EPA officers continue to monitor the council's compliance with its licence.

Licence conditions are put in place to protect the environment and the community from the activities of industry. Under the POEO Act, licence holders, including local councils, have a responsibility to report all incidents involving potential or actual environmental harm to the EPA, so that they can be investigated, acted upon and mitigated to prevent future incidents.

Seamless collaboration with emergency services and partner agencies

Georges River fish kill

The NSW Environment Protection Authority responded to a report of a significant fish kill in the Georges River, Moorebank near Liverpool in February 2015.

Hundreds of fish of mixed species were killed in the Georges River (at Moorebank, near Liverpool) in February 2015 from a suspected chemical spill from the stormwater drainage system. The EPA responded to the incident and cleaned up the site in partnership with NSW Fire and

Rescue, NSW Health, Liverpool City Council and the State Emergency Services, achieving the best outcome for the community and the environment as quickly as possible. The EPA worked with emergency services and other agencies to place booms in a large section of the Georges River to help contain the fish carcasses and move them to the shoreline. An excavator was used to load them onto trucks for proper disposal at a waste facility. This outcome was achieved within two days.

During the EPA investigation into the incident, officers obtained water and fish samples for testing and analysis and inspected premises that may have discharged toxic chemicals into the river or drainage system. A chemical widely used in cleaning products was thought to be the most likely cause of the fish kill but the source of this chemical was not identified.

Incident debriefs for learning and improving

The EPA reviews its responses to significant environmental incidents in order to ensure continual improvement. Bringing together all relevant staff, the debrief process examines what went well, what did not, and what could be improved.

The EPA Hazardous Incidents section has undertaken 36 incident debriefs since it was formed in 2012. As the EPA's ability to respond to incidents has improved, the debrief recommendations have widened to include other agencies.

In 2014–15, six significant incidents were debriefed, resulting in 31 recommendations to be implemented across the organisation; 17 have been completed and five are currently in progress.

Key improvements include:

- The development of an Incident Management System compatible with the Australasian Interservice Incident Management System (AIIMS). This system has been adapted throughout Australia to help officers in different government

agencies understand each other's roles and responsibilities in a range of incident and emergency situations.

- The development and delivery of 32 training sessions to enable EPA staff to better understand their role in incident management.
- Eighty-four computer tablets made available to EPA staff under the mobile workforce project, allowing field officers to access and use information in real time, such as accessing stormwater maps to sending photographs to senior management for assessment.
- Assigning a dedicated manager to specific incidents as a 'single point of truth' to ensure efficient and effective coordination of the response to an incident and recovery from it.

Key Result Area 5: Effective stakeholder engagement

Selected key achievements

- The EPA Knowledge Management Framework released December 2014 as a result of extensive consultation with staff in 2013–14.
- Active engagement in industry consultative committees and leading community consultation groups. Consultative groups in current gas activity areas include Gloucester Dialogue, Narrabri Community Consultative Committee and Camden Community Consultative Committee.
- All coal seam gas environment protection licences now published on the EPA's website.
- Workshop in November 2014 to consult with stakeholders from the cruise ship and bulk and container shipping sectors on evidence and options for improving the management of emissions from ships in NSW ports.

Respectful relationships with stakeholders

Collaborative approach to gas regulation

During 2014–15, the EPA began its new role as the lead regulatory agency for compliance and enforcement of conditions of gas activity instruments in NSW, a key element of the NSW Gas Plan released in November 2014.

In 2015 a memorandum of understanding (MoU) was developed to clearly define the responsibilities of the key agencies involved in the regulation of gas activities in NSW. The MoU required a high level of consultation between the EPA, the Department of Premier and Cabinet, the Division of Resources and Energy (within the NSW Department of Industry, Skills and Regional Development), the Department of Planning and Environment, and the Department of Primary Industries – Water.

The final result was an MoU which sets out the whole of government approach to facilitate transparent, efficient and seamless regulation of gas activities, and

which commits the agencies to greater collaboration in relation to effective stakeholder engagement.

The MoU was published on the EPA's website, helping the community and industry to understand the new regulatory framework for gas activities.

Community understanding of the EPA's regulatory role

Communicating with our stakeholders

The EPA is committed to the continual improvement of its communication processes and tools to inform, consult and involve stakeholders in all areas of its work. The EPA website provides up-to-date information on all of the EPA's activities ranging from regulatory information to waste and community outreach initiatives.

In 2014–15, many areas of the website were updated or enhanced to make it easier to navigate and locate items. The following initiatives, launched during this financial year, also increased EPA's reach.

- *EPA Connect*, the quarterly newsletter which keeps stakeholders up-to-date about EPA programs and latest initiatives, is emailed to 2500 subscribers and is available on the website.
- The *EPA Core Statement* booklet was published internally to help staff communicate more effectively and consistently with stakeholders by clarifying the EPA's vision, roles and responsibilities.
- The EPA YouTube channel was launched in March 2015 and highlights the EPA's work via short videos and animations.
- The *Engaging with the EPA* booklet outlines how the agency works to inform and involve community, environment groups, government and industry in its work, and provides information on how those groups can get more involved in the EPA's engagement process.

The EPA is active on the NSW Government *Have Your Say* public consultation platform which, together with the public consultation area of our website and newspaper advertising, are effective tools for engagement and public feedback on important issues.

Reliable, accurate and timely information is available to the community and stakeholders as needed

The Orica Botany mercury inquiry

In January 2013, the EPA announced that it would conduct an independent review of all information around historical mercury emissions at Botany in response to concerns raised by the local community about poor environmental management by ICI Australia (now Orica) in the past.

EPA established a steering panel with broad stakeholder and community representation to guide and oversee each stage of the inquiry. Panel members included representatives from the EPA, the community, Randwick and Botany councils, OEH, NSW Health and

independent experts in toxicology and chemical engineering.

Independent experts were contracted by the EPA for each stage of the review to assess any potential off-site impacts of mercury around the former plant.

To further allay the concerns of individual property owners living near the former plant, the EPA met with residents who had an interest in having their properties tested for mercury, to arrange for sampling to be conducted.

Since the beginning of the inquiry, the EPA has organised over 20 panel meetings and numerous community events to ensure that the process was thorough and transparent. All information regarding the inquiry is available on the EPA website, including full reports from each stage of the inquiry, minutes of all steering panel meetings and regular updates of findings and publications. Maps have also been created so that members of the public can view the results of testing at sites closest to their properties.

The public can take confidence in the independence of the results from an open and transparent process which focused on the close engagement and active involvement of the local community.

Lower Hunter Dust Deposition Project

In response to Lower Hunter residents' concerns about the amount of visible black dust in the area, the EPA, at the request of the Newcastle Community Consultative Committee on the Environment (NCCCE), commissioned a study to examine deposited dust in key areas subject to complaints, including the rail corridor.

To ensure that the views of the community were fully considered, the EPA established a project reference group. The reference group comprises eight members – two community representatives, two industry representatives, two independent technical experts and two EPA staff members. A webpage was also developed for the project.

An independent consultant, AECOM, was selected through a tender process to conduct the study. Sampling using dust deposition gauges and other techniques is being undertaken for a 12-month period to allow for seasonal variation.

In the first six months of the study, between 15 October 2014 and 15 April 2015, 29 samples were taken from sites close to the rail corridor and coal loaders between Hexham and Port Waratah.

The Lower Hunter Dust Deposition six-month interim report provides a very preliminary summary of the sampling undertaken to date. The number of useable samples was limited by the wet weather.

Overall levels of dust deposited were below guideline levels. The six-month rolling averages for data collected at the 12 monitoring sites were all well below 4 grams per square metre per month, which is the EPA guideline value for the acceptable annual average amount of deposited dust.

The final results of the Lower Hunter Dust Deposition study will help the EPA refine its regulatory actions and responses on air quality in the Hunter and add to the body of information available to the public about the impacts of industry on the amenity of the area.

Key Result Area 6: Exemplar organisation

Selected key achievements

- Professional development and technical training delivered to 865 non-EPA environmental regulators throughout Australia – EPA is the lead provider of professional development programs for the Australasian Environmental Law Enforcement Regulators Network (AELERT).
- The EPA training unit delivered 64 training courses to staff.
- 94% of staff completed their performance development and feedback plans.
- Eighty-four mobile tablets rolled out to staff to capture data, record regulatory and site-management actions and improve mapping and data analysis.

A respected and credible regulator

Risk-based licensing arrives

The EPA introduced a risk-based licensing system starting from 1 July 2015, marking a significant and important reform of the environment protection licensing framework in NSW. Risk-based licensing allows the EPA to better target regulatory effort towards high-risk and poor-performing licensees.

During 2014–15 the EPA finalised the risk-based licensing system and supporting information and in September 2014 commenced site-specific risk assessments. These assess the risks posed by licensed premises and identify any environmental issues that licensees need to address. By the end of June 2015 the EPA had, in conjunction with licensees, completed risk assessments at 1365 licensed premises.

Risk-based licensing has been well received and supported by both licensees and the community. Feedback from licensees about the experience of going through a risk assessment has generally been positive. The EPA works continually to keep the community and industry well informed of progress, regularly providing face-to-face briefings and maintaining extensive supporting information on the EPA website.

Risk-based licensing will also provide the community and industry with important

new information about the environmental performance of environment protection licensees. An overall environmental risk level (1 to 3, with 3 being the highest risk) will be determined for all licensed premises and this will be progressively published on the EPA's *Protection of the Environment Operations Act* public register from September 2015.

The move to risk-based licensing is a major achievement for the EPA. A number of key elements of the system contributes to EPA's reputation as a credible regulator; the transparent and collaborative assessment of risk with licensees, reducing regulatory burden for lower risk activities and good environmental performers, and (from 1 July 2016) providing incentives to improve environmental performance through changes to licence administrative fees.

An employer that fosters staff excellence, development and respect

The AELERT professional development and training program

The NSW EPA leads the national training program for environmental regulators developed as part of the Australasian Environmental Law Enforcement Regulators Network (AELERT). The professional development and training program consists of a suite of operational and technical training courses relevant to environmental regulatory practitioners.

The training allows both EPA and other regulators to enhance their knowledge and skills which will lead to significant environmental improvements.

Since the program commenced in July 2011, the EPA has delivered training courses to almost 4000 environmental regulators in every mainland jurisdiction in Australia. In 2014–15 a total of 58 courses were delivered. These courses included:

- Investigative Interviewing and Statement Taking
- Drafting Statutory Instruments
- Environmental Sampling
- Environmental Legislation
- Certificate IV in Government Investigations
- Environmental Auditor
- Electronic Surveillance Devices
- Illegal Dumping.

Knowledge management that promotes innovation and improves performance and service delivery

Streamlining EPA field data

The EPA recognises that the adoption of mobile technologies offers potential improvements in the performance and service delivery of the organisation, particularly in the management of information used for regulatory functions, which has traditionally only been managed in office-based environments.

In 2013–14, the EPA adopted a mobile workforce strategy to allow staff to work seamlessly between the office and the field.

During 2014–15 the EPA successfully built and started implementing the first integration between tablet computers and the EPA's principle statutory licensing management system.

This integration allows EPA officers to carry out risk assessments on-site and submit accurate data to the statutory licensing management system in real time, avoiding the need to return to the

office and manually re-enter data into the system. The process saves time, ensures the accuracy of the data and allows real-time conversation with the EPA and key stakeholders about the results of the risk assessment. Uptake has been rapid – in the first four months of deployment (March to June 2015), over 40% of all risk assessments carried out by the EPA were completed using the tablet computers.

This initial deployment of the mobile workforce strategy has improved the performance of the existing EPA knowledge management systems while also providing greater delivery of quality, timely and interactive service to the regulated community.

High governance standards

The EPA's expanded coal seam gas regulatory responsibilities

In response to the community's increasing concerns about the coal seam gas industry, in September 2013, the government significantly expanded the EPA's responsibilities for CSG regulation.

The EPA made significant investment around its new CSG responsibilities. Six field-based operational staff were appointed (largely drawn from current EPA staff). To support these officers, the EPA acquired specialised field and laboratory equipment and recruited three technical experts specialising in fields including hydrogeology and geographic information systems.

The regulatory, technical and scientific capabilities of the CSG staff have been strengthened through participation in targeted conferences and training programs (especially for the technical experts). Operational staff has received formal training in the use of the new equipment and field-based training and mentoring by experienced officers.

The EPA has also focused on sharing this knowledge more broadly with EPA staff by conducting internal training programs, convening working groups to identify and resolve key issues and providing support and mentoring to staff. For example, the

new hydrogeologists have helped enhance the groundwater management skills of regional operational staff, highlighting the success of this capability-building effort. The EPA is also developing a transportable 3D 360° Immersion

Training Theatre. The facility will travel the state and be used to train EPA staff and regulators from other agencies, to assist industries to understand their obligations and provide community education.

Section 3: Corporate governance and statutory requirements

Shared governance and essential services

OEH provides corporate and essential services to the EPA.

The following EPA statutory reporting requirements are covered by a shared service arrangement and will be reported in the *OEH Annual Report 2014–15*:

- work health and safety
- personnel policies and practices
- industrial relations policies and practices
- disability inclusion action plan
- multicultural policies and services program
- workforce diversity
- agreements with the Multicultural NSW
- waste reduction and purchasing policy
- requirements arising from employment arrangements
- digital information security.

Work health and safety

OEH provides EPA work health and safety services within the shared governance and essential services agreement. Further information may be sourced from the *OEH Annual Report 2014–15*.

EPA claims and reports

	2012–13	2013–14	2014–15
Number of incidents, accidents and injuries reported	28	121	77
Number of workers' compensation claims made	5	3	3
Value of workers' compensation claims*	\$26,234	\$237,301	\$36,027

* Based on net incurred

External factors affecting EPA operations

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

The broader economic climate

Global commodity prices

Despite continued uncertainty about the Chinese and European economies (and commodity markets in general), most NSW households, businesses and governments are less exposed to financial risk now, than they were before the global financial crisis. Falling global commodity prices will generally discourage export production by Australian farmers and miners. This will reduce profit margins for local producers and limit their capacity to absorb further compliance costs from environmental regulations. This will be partially offset by a low Australian dollar, which will make Australian exports more competitive.

Interest rates

The Reserve Bank has kept interest rates low to reduce cost-of-living pressures on households in the hope that higher disposable incomes would raise consumption and subsequent business investment. However, low interest rates have not been accompanied by comparable fiscal stimulus, as governments have had to consolidate spending to combat falling revenues. If discretionary spending by households remains constrained, the EPA can expect a change in the composition of waste to reflect higher spending on essential goods (like food) and less spending on luxury items (like large electronics).

Other pressures

The growing economy

The latest data shows that the NSW economy grew by 2.1% in the year to June 2014, slightly above the 10-year average of 2%. NSW economic growth has trailed the national average by around 1% per annum since 2001, with the brief exception of 2011.

The growing economy is increasing the demand on NSW's transport infrastructure, and the construction or upgrade of many transport corridors will continue to impact residential and commercial areas. The EPA is working with other government bodies, industry and community stakeholders to minimise the effects of air and noise pollution from expanding road, rail and air transport.

Population growth

The population of NSW is expected to have grown by around 1.3% over the past year, with an expected total of around 7.58 million at June 2015. Sydney is experiencing the greatest population growth within NSW, subsequently placing pressure on housing availability and infrastructure. In response, previously contaminated industrial sites are being redeveloped for residential use, with the NSW EPA playing a key role.

The demand for housing and the subsequent increases in land value also encourage homeowners to renovate existing dwellings, which inadvertently generate a higher demand for asbestos disposal. The EPA is taking a proactive approach to the illegal dumping of asbestos by making it easier and cheaper for people to dispose of asbestos legally. The EPA has also increased monitoring at known illegal dumping sites, and has imposed significantly higher penalties on offenders.

As the population grows, the demands of agriculture, industry and households will continue to present challenges for water utilities, requiring them to secure larger fresh water supplies and to explore options to dispose of wastewater responsibly. The EPA licenses and monitors emissions from more than 1600 industrial facilities across NSW and ensures that wastewater is treated appropriately and that environmental conditions are managed adequately.

Looking to the future

If the combination of low interest rates, increased government spending and a low Australian dollar succeeds in raising household spending, business investment will be likely to follow. Higher consumption will generate more waste, will increase consumption of electricity and water and transport demand. With the support of the NSW Government, innovative businesses are developing ways of transforming waste into useful products for reuse. The NSW Government is also encouraging households and businesses to improve water and energy efficiency. The NSW EPA will continue to improve air quality by increasing incentives for industrial facilities to reduce emissions and by tightening standards for transport emissions.

Legal information

Acts administered by the EPA

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

The following Acts were administered by the EPA from 1 July 2014 to 30 June 2015.

- *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: jointly, the 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

Legislation and legal change

New and amended Acts

The following Acts were assented to in 2014–15.

- *Pesticides Amendment Act 2015* No. 3
- *Protection of the Environment Legislation Amendment Act 2014* No. 65

New and amended Regulations

The following Regulations were made or re-made in 2014–15.

- Protection of the Environment Operations (General) Amendment (Fees and Penalty Notices) Regulation 2014

- Protection of the Environment Operations (Underground Petroleum Storage Systems) Regulation 2014
- Protection of the Environment Operations (Waste) Amendment (Removal of Exemption) Regulation 2014
- Protection of the Environment Operations (Waste) Regulation 2014
- Protection of the Environment Operations (Waste) Amendment (Contributions) Regulation 2014
- Protection of the Environment Operations Amendment (NSW Gas Plan) Regulation 2014
- Protection of the Environment Operations (General) Amendment (Newcastle Air Monitoring) Regulation 2015

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	
	Number	\$	Number	\$	Number	\$
Dangerous Goods: All offences	35	\$124,180	121	\$205,430		
EP&A Act planning infringements			21	\$63,000	15	\$39,000
Native Vegetation: All offences	2	\$8,800	21	\$69,300		
Pesticides: All offences	8	\$4,300				
POEO Air: Motor vehicle – smoky	76	\$111,900				
POEO Air: Motor vehicle – other air	22	\$7,400				
POEO Air pollution: Non-motor vehicle (control of burning)			3	\$1,500	38	\$21,000
POEO Air pollution: Non-motor vehicle (emission of air impurities or odours from premises)	7	\$23,500			3	\$7,500
POEO Land pollution and waste	33	\$129,000	3	\$2,250	751	\$1,508,000
POEO Land pollution and waste (asbestos/hazardous)	1	\$7,500			13	\$41,250
POEO Littering: Aggravated litter, from motor vehicle	4	\$3,600	79	\$35,050	75	\$33,900
POEO Littering: Aggravated litter, non-motor vehicle	1	\$750	11	\$4,125	4	\$1,500
POEO Littering: Motor vehicle	2844	\$766,250	390	\$92,900	1619	\$409,200
POEO Littering: Non-motor vehicle	5	\$1,350	973	\$189,150	1915	\$224,200
POEO Noise: Motor vehicle	133	\$37,750.00	205	\$46,250	6	\$1,550
POEO Noise: Non-motor vehicle			410	\$112,150	5	\$1,400
POEO Other offences, e.g. contravene licence conditions	90	\$344,750	4	\$17,250	414	\$695,500
POEO Water: All offences	14	\$61,500	8	\$11,500	308	\$1,564,500
Radiation	4	\$3,750				
Road Transport			3	\$2,599		
Total	3279	\$1,636,280	2252	\$852,454	5166	\$4,548,500

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

Prosecutions

OEH Legal Services Division supports the EPA's prosecution function as part of the Service Agreement between the two agencies.

Of the 93 prosecutions commenced by OEH in 2014–15, 50 were in the name of the EPA. OEH completed 108 prosecutions in 2014–15, of which 80 were for offences prosecuted in the name of the EPA. These 80 prosecutions resulted in:

- 79 convictions
- one matter where the offence was proven but a conviction was not recorded
- no acquittals.

Prosecutions completed under EPA legislation

Details of prosecutions completed under EPA legislation are recorded below. OEH prosecutions completed during 2014–15 are recorded in the appendices to the *OEH Annual Report 2014–15*.

In the prosecution 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 offences were completed during 2014–15.

Tier 2 offences

<i>Protection of the Environment Operations Act 1997</i>			
Defendant	Charge	Result/penalty	Court
Ashmore, Julian James	Unlawfully transport and deposit waste	\$24,000	LEC
Ashmore, Julian James	Supply false or misleading information about waste	\$12,000	LEC
Big Island Mining Pty Ltd	Pollute waters	Ordered to pay \$78,000 to the Upper Deua Catchment Landcare Group Inc. for riparian health works around Araluen Creek and ordered to publicise details of the offence in the <i>Sydney Morning Herald</i> , <i>The Braidwood Times</i> and <i>Australian Mining Magazine</i> . Also ordered to pay investigation costs of \$23,000	LEC

Protection of the Environment Operations Act 1997			
Defendant	Charge	Result/penalty	Court
Big Island Mining Pty Ltd	Pollute waters	Ordered to pay \$15,000 to the Upper Deua Catchment Landcare Group Inc. for riparian health works around Araluen Creek and ordered to publicise details of the offence in the <i>Sydney Morning Herald</i> , <i>The Braidwood Times</i> and <i>Australian Mining Magazine</i>	LEC
Big Island Mining Pty Ltd	Pollute waters	Ordered to pay \$10,000 to the Upper Deua Catchment Landcare Group Inc for riparian health works around Araluen Creek and ordered to publicise details of the offence in the <i>Sydney Morning Herald</i> , <i>The Braidwood Times</i> and <i>Australian Mining Magazine</i>	LEC
Cauchi, Joseph	Breach licence condition	\$25,000 Ordered to publicise details of the offence in the <i>Coffs Coast Advocate</i> , <i>Clarence Valley Daily Examiner</i> and <i>Northern Star</i>	LEC
Cauchi, Joseph	Breach licence condition	\$25,000 Ordered to publicise details of the offence in the <i>Coffs Coast Advocate</i> , <i>Clarence Valley Daily Examiner</i> and <i>Northern Star</i>	LEC
Cauchi, Joseph	Breach licence condition	\$25,000 Ordered to publicise details of the offence in the <i>Coffs Coast Advocate</i> , <i>Clarence Valley Daily Examiner</i> and <i>Northern Star</i>	LEC
Cauchi, Joseph	Provide false and misleading information	\$1,000 Ordered to publicise details of the offence in the <i>Coffs Coast Advocate</i> , <i>Clarence Valley Daily Examiner</i> and <i>Northern Star</i>	LEC
Cauchi, Louise Margaret	Breach licence condition	\$1,000 Ordered to publicise details of the offence in the <i>Coffs Coast Advocate</i> , <i>Clarence Valley Daily Examiner</i> and <i>Northern Star</i>	LEC

Protection of the Environment Operations Act 1997			
Defendant	Charge	Result/penalty	Court
Cauchi, Louise Margaret	Breach licence condition	\$1,000 Ordered to publicise details of the offence in the <i>Coffs Coast Advocate</i> , <i>Clarence Valley Daily Examiner</i> and <i>Northern Star</i>	LEC
Cauchi, Louise Margaret	Breach licence condition	\$1,000 Ordered to publicise details of the offence in the <i>Coffs Coast Advocate</i> , <i>Clarence Valley Daily Examiner</i> and <i>Northern Star</i>	LEC
Cauchi, Louise Margaret	Provide false and misleading information	\$24,000 Ordered to publicise details of the offence in the <i>Coffs Coast Advocate</i> , <i>Clarence Valley Daily Examiner</i> and <i>Northern Star</i>	LEC
Causmag Ore Company Proprietary Limited	Breach licence condition	\$82,500 Ordered to publicise details of the offence in the <i>Young Witness</i> . Also ordered to pay investigation costs of \$3,220	LEC
Citilight Environment Pty Ltd	Unlawful use of land as a waste facility	\$9,000	Parramatta LC
D'Aquino, Rex Nunzio	Pollute waters	\$15,000	Orange LC
Eveston, Christopher James	Unlawful use of land as a waste facility	\$6,000	Parramatta LC
Friedrichs, Daniel John	Littering	\$300	Newtown LC
Gunnedah Quarry Products Pty Ltd	Failure to comply with an investigative requirement under Chapter 7	\$1,500	Gunnedah LC
Hydrodec Australia Pty Ltd	Pollute waters	\$10,000 Ordered to pay investigation costs of \$2,327	Downing Centre LC
Joyce, Shannon George	Littering	\$300	Downing Centre LC
KBL Mining Limited	Pollute waters	\$52,000 Ordered to publicise details of the offence in the <i>Sydney Morning Herald</i> , <i>Dubbo Daily Liberal</i> and <i>Condobolin Argus</i> . Also ordered to pay investigation costs of \$10,390	LEC
Laison, Mathew Toheroa	Unlawfully transport and deposit waste	\$63,000	LEC
Liu, Zhong	Littering	s.10	Kogarah LC
M.A. Roche Group Pty Ltd	Breach licence condition	\$52,000	LEC

Protection of the Environment Operations Act 1997			
Defendant	Charge	Result/penalty	Court
M.A. Roche Group Pty Ltd	Breach licence condition	\$30,000 Ordered to publicise details of the offence in the <i>Wauchope Gazette</i> and <i>Port Macquarie News</i>	LEC
Orica Australia Pty Ltd	Pollute waters	\$60,000	LEC
Orica Australia Pty Ltd	Breach licence condition	Ordered to pay \$175,000 for Stage 2 Restoration of Kooragang Dykes and to publicise details of the offence in the <i>Australian Financial Review</i> , <i>Sydney Morning Herald</i> , <i>Newcastle Herald</i> , <i>Southern Courier</i> and <i>Journal of Chemical Engineering and Process Technology</i> . Also ordered to pay investigation costs of \$65,627.40	LEC
Orica Australia Pty Ltd	Breach licence condition	Ordered to pay \$175,000 for the Tomago Wetland Rehabilitation Project and to publicise details of the offence in the <i>Australian Financial Review</i> , <i>Sydney Morning Herald</i> , <i>Newcastle Herald</i> , <i>Southern Courier</i> and <i>Journal of Chemical Engineering and Process Technology</i> . Also ordered to pay investigation costs of \$1,717.51	LEC
Orica Australia Pty Ltd	Breach licence condition	Ordered to pay \$87,500 for the Stockton Cycleway Revegetation Works and to publicise details of the offence in the <i>Australian Financial Review</i> , <i>Sydney Morning Herald</i> , <i>Newcastle Herald</i> , <i>Southern Courier</i> and <i>Journal of Chemical Engineering and Process Technology</i> . Also ordered to pay investigation costs of \$65.39	LEC
Orica Australia Pty Ltd	Pollute waters	Ordered to pay \$70,000 for the Hunter River Health Monitoring Program and to publicise details of the offence in the <i>Australian Financial Review</i> , <i>Sydney Morning Herald</i> , <i>Newcastle Herald</i> , <i>Southern Courier</i> and <i>Journal of Chemical Engineering and Process Technology</i> . Also ordered to pay investigation costs of \$960.91	LEC

Protection of the Environment Operations Act 1997			
Defendant	Charge	Result/penalty	Court
Orica Australia Pty Ltd	Breach licence condition	Ordered to pay \$31,500 for the Hunter River Health Monitoring Program and to publicise details of the offence in the <i>Australian Financial Review</i> , <i>Sydney Morning Herald</i> , <i>Newcastle Herald</i> , <i>Southern Courier</i> and <i>Journal of Chemical Engineering and Process Technology</i>	LEC
Orica Australia Pty Ltd	Breach licence condition	Ordered to pay \$122,500 for the Lower Hunter Particle Compositional Study and to publicise details of the offence in the <i>Australian Financial Review</i> , <i>Sydney Morning Herald</i> , <i>Newcastle Herald</i> , <i>Southern Courier</i> and <i>Journal of Chemical Engineering and Process Technology</i> . Also ordered to pay investigation costs of \$176.73	LEC
Orica Australia Pty Ltd	Failure to notify of a pollution incident that caused or threatened material harm to the environment	Ordered to pay \$36,750 for the Stage 2 Restoration of Kooragang Dykes Project and ordered to publicise details of the offence in the <i>Australian Financial Review</i> , <i>Sydney Morning Herald</i> , <i>Newcastle Herald</i> , <i>Southern Courier</i> and <i>Journal of Chemical Engineering and Process Technology</i>	LEC
Orica Australia Pty Ltd	Breach licence condition	Ordered to pay \$35,000 for Pitt St Reserve Public Domain Enhancement Project and publicise details of the offence in the <i>Australian Financial Review</i> , <i>Sydney Morning Herald</i> , <i>Newcastle Herald</i> , <i>Southern Courier</i> and <i>Journal of Chemical Engineering and Process Technology</i> . Also ordered to pay investigation costs of \$2,862.17	LEC
Orica Australia Pty Ltd	Breach licence condition	Ordered to pay \$35,000 to the City of Botany Bay Council's Bush Regeneration of the Sir Joseph Banks Reserve Project	LEC

Protection of the Environment Operations Act 1997			
Defendant	Charge	Result/penalty	Court
Sydney Water Corporation	Pollute waters	Ordered to pay \$55,000 to Randwick Council for project to improve the quality of stormwater discharges and \$23,750 to the Environmental Trust and ordered to publicise details of the offence in the <i>Sydney Morning Herald</i> and <i>Southern Courier</i>	LEC
Sydney Water Corporation	Breach licence condition	Ordered to pay \$78,750 to the Environmental Trust and ordered to publicise details of the offence in the <i>Sydney Morning Herald</i> and <i>Southern Courier</i>	LEC
Truegain Pty Ltd	Breach licence condition	\$22,500 Ordered to publicise details of the offence in the <i>Sydney Morning Herald</i> , <i>Newcastle Herald</i> and <i>Maitland Mercury</i>	LEC
Wambo Coal Pty Limited	Emit offensive odour from schedule premises	\$13,000	Singleton LC
Ward, Danielle Louise	Littering	\$250	Manly LC
Wyanga Holdings Pty Ltd	Breach licence condition	\$1,000	LEC
Wyanga Holdings Pty Ltd	Breach licence condition	\$1,000	LEC
Wyanga Holdings Pty Ltd	Breach licence condition	\$1,000	LEC
Wyanga Holdings Pty Ltd	Provide misleading information	\$500	LEC

Non-Tier offences

Defendant	Charge	Result/penalty	Court
Dangerous Goods (Road and Rail Transport) Regulation 2009			
Booth Transport Pty Ltd	Employ person to perform task without appropriate instruction and training	\$8,000	Downing Centre LC
Booth Transport Pty Ltd	Transport dangerous goods without required emergency information in holder	\$8,000	Downing Centre LC
Booth Transport Pty Ltd	Transport dangerous goods without required fire extinguisher	\$8,000	Downing Centre LC
Toll North Pty Ltd	Engaged person to perform task where person had not received appropriate instruction and training	\$7,040	Downing Centre LC
Toll North Pty Ltd	Transport dangerous goods without emergency information	\$2,640	Downing Centre LC
Dangerous Goods (Road and Rail Transport) Act 2008			
Mainfreight Distribution Pty Limited	Failure to ensure dangerous goods transported in a safe manner	\$56,000	LEC
Pesticides Act 1999			
Bettington, Albemarle Henshaw	Use of unregistered pesticide	\$5,000	Batemans Bay LC
Walker, Gregory Keith	Use pesticide contrary to approved label without a permit	\$1,000	Toronto LC

Total prosecutions under EPA legislation

Fines	\$693,650
Other financial penalties (excluding legal costs)	\$1,028,750
Total fines and other financial penalties	\$1,722,400

Prosecution case studies**Big Island Mining Pty Ltd: water pollution**

In August 2014, Big Island Mining Pty Ltd was convicted in the Land and Environment Court of three charges of polluting waters. The incidents occurred in February and March 2013, during construction of gold mine infrastructure. The construction was being undertaken by employees and contractors. Heavy rain led to sediments polluting nearby Spring Creek, a tributary of Majors Creek. The company was ordered to pay a penalty of \$103,000 to the Upper Deua Catchment Landcare Group for riparian health works around Araluen Creek, to pay the prosecutor's costs of \$70,000 and to pay the EPA's investigation costs of \$23,000. The company was also ordered to publicise details of the offence in the *Braidwood Times*, the *Sydney Morning Herald* and the *Australian Mining Magazine*.

Causmag Ore Company Pty Ltd: breach of licence condition

In March 2015, Causmag Ore Company Pty Ltd was convicted in the Land and Environment Court of breaching a condition of its environment protection licence by failing to carry out licensed activities in a competent manner. The offence occurred in September 2013 at Causmag's factory in Young, when failures in the company's pollution control equipment led to the emission of white dust from a stack to the atmosphere. Dust was emitted for up to 9.5 hours and caused nuisance and aesthetic impacts. Causmag was convicted of the offence, fined \$82,500 and ordered to pay the prosecutor's costs of \$30,000 and investigation costs of \$3220. The company was also ordered to publicise details of the offence in the *Young Witness*.

Mainfreight Distribution Pty Ltd: transport of dangerous goods

In February 2015, Mainfreight Distribution Pty Ltd was convicted in the Land and Environment Court of failing to ensure dangerous goods were transported in a safe manner. The offence occurred during November 2011 and was discovered when one of the company's trucks was inspected by EPA officers as part of a dangerous goods compliance campaign at Marrangaroo, near Lithgow. The truck was transporting 3900 kilograms of mixed classes of dangerous goods between western Sydney and Orange. The types of dangerous goods on the truck were incompatible when transported together and created a risk of fire and/or explosion. The truck was also transporting 18 drums of ethanol/petrol motor fuel and the drums were not restrained in any way. In addition the truck was not displaying dangerous goods placards and did not contain a fire extinguisher or items of personal protection equipment. The company was fined \$56,000 and ordered to pay the prosecutor's costs of \$32,500.

Julian James Ashmore and Mathew Toheroa Laison: waste pollution

In 2014–15 both Mr Ashmore and Mr Laison were convicted in the Land and Environment Court of transporting and causing the transport of waste to a place that could not lawfully receive it. Mr Ashmore was also convicted of providing false information about waste to another person in the course of dealing with waste. Mr Ashmore's company won a contract to lawfully dispose of about 3000 tonnes of asbestos contaminated soil from a refinery at Rosehill. Mr Ashmore permitted his business partner, Mr Laison, to arrange for the contaminated soil to be transported to a property at Mangrove Mountain on the Central Coast that could not lawfully receive it. Afterwards Mr Ashmore provided fake dockets to the refinery purporting to show that the waste had been disposed of at a lawful facility. Mr Ashmore was fined a total of \$36,000 for the two offences and ordered to pay the prosecutor's costs as agreed or assessed. Mr Laison was fined \$63,000 and ordered to pay the prosecutor's costs of \$40,000.

Orica Australia Pty Ltd: water pollution, breach of licence condition and failure to notify

In July 2014, Orica was convicted in the Land and Environment Court for a total of nine offences arising from seven environmental incidents in 2010 and 2011. Of the seven incidents, six occurred at its Kooragang Island plant in Newcastle and one incident occurred at its Botany plant. The incidents occurred in October 2010, March 2011, June 2011, August 2011, September 2011, November 2011 and December 2011. The most serious incident occurred in August 2011 and resulted in a chemical plume settling on the residential area of Stockton. This incident was not notified to the EPA until 16 hours after it had occurred. This incident caused significant distress to the Stockton community and required an expensive clean-up. For the nine offences, Orica was ordered to pay penalties totalling \$768,250 towards environment projects and ordered to pay the prosecutor's costs. Orica was also ordered to publicise details of the offences in an industry magazine, the *Australian Financial Review*, the *Sydney Morning Herald* and the *Newcastle Herald*.

Sydney Water Corporation: breach of licence condition

In April 2015, Sydney Water Corporation was convicted in the Land and Environment Court of polluting waters and breaching a condition of its environment protection licence by failing to maintain all plant and equipment in a proper and efficient condition. The offences occurred in September 2013 when about 500,000 litres of treated effluent escaped through a broken pipe at the Malabar Sewage Treatment Plant into the ocean at Malabar headland. Randwick Council closed Malabar Beach for two days as a precaution, although no pollution was detected at any beaches. Sydney Water was ordered to pay a total penalty of \$157,500 with \$55,000 to be paid to Randwick Council to fund a project to improve stormwater discharges and \$102,500 to be paid to the Environmental Trust for general environmental purposes. Sydney Water was also ordered to publicise details of the offences in the *Sydney Morning Herald* and the *Southern Courier*.

Wyanga Holdings Pty Ltd, Joseph Cauchi and Louise Cauchi: breach of licence condition and supplying false or misleading information

In May 2015, Wyanga Holdings Pty Ltd and its two directors, Joseph Cauchi and Louise Cauchi, were convicted in the Land and Environment Court of three offences each of breaching a condition of Wyanga's environment protection licence and one offence each of supplying false or misleading information to the EPA in an annual return. The offences occurred in 2011, 2012 and 2013 because in each year the company significantly exceeded the annual extraction limit for its quarry near Coffs Harbour. The offence of supplying misleading information occurred in 2012 when Wyanga supplied an annual return which did not identify the 2011 exceedance as a non-compliance. The company was fined \$3000 in total for the three licence breaches and \$1000 for providing false or misleading information. Mr Joseph Cauchi was fined \$75,000 in total for the licence breaches and \$1000 in relation to providing false or misleading information. Ms Louise Cauchi was fined \$3000 in total for the licence breaches and \$24,000 in relation to providing false or misleading information. The company and its directors were also ordered to pay the prosecutor's costs of \$90,000 and the two directors were ordered to publicise details of the offences in the *Coffs Coast Advocate*, the *Clarence Valley Daily Examiner* and the *Northern Star*.

Enforceable undertakings under EPA legislation

Enforceable undertakings are an administrative tool available to the EPA in which the regulator can agree to a company or individual entering into a written undertaking in connection with a matter in relation to which the EPA has a function under the *Protection of the Environment Operations Act 1997*, including actual or potential breaches. The undertaking is enforceable in the Land and Environment Court. In addition to requiring the company or individual to improve its environmental systems, the undertaking commonly requires the company to pay an amount towards an environmental project or initiative.

In 2014–15, the EPA entered into the following enforceable undertakings requiring the company or individual to pay the amount stated towards the environmental projects and initiatives indicated.

Company/individual	Amount	Project
Caltex Refineries (NSW) Pty Ltd	\$120,000	\$50,000 to Sutherland Shire Council for the Marton Park wetland rehabilitation project \$30,000 to Randwick City Council for the 'discover your coast' program \$35,000 to NPWS for the catchment and beach dune rehabilitation and restoration project in the Congwong precinct \$5,000 to NPWS for the marine environment TeachWild activity project

Company/individual	Amount	Project
Crown in the Right of NSW (Department of Trade and Investment, Regional Infrastructure and Services)	\$25,000	To Wollongong City Council for a landscape maintenance project in the harbour precinct
Crown in the Right of NSW (NSW Police)	\$100,000	To the NSW Environmental Trust to be used for projects approved by the Environmental Hazards Subcommittee
Gunnedah Quarry Products Pty Ltd	\$32,000	To OEH for a local koala research project
Hunter Water Corporation	\$60,000	To Lake Macquarie City Council for regeneration works at nearby Black Ned's Bay
Ingham Enterprises Pty Ltd	\$79,800	To Lake Macquarie City Council for projects to improve water quality in MacNamarra Creek
Newcastle Stevedores Pty Ltd	\$27,500	To the NSW Department of Primary Industries for the Woodberry Swamp and floodgate project.
Port of Newcastle Operations Pty Limited	\$27,500	
Sydney Water Corporation	\$200,000	\$100,000 to Liverpool City Council and \$100,000 to Fairfield City Council for projects to assist in preventing pollution within the Georges River catchment area
Transpacific Industries Pty Ltd	\$100,000	To the Newcastle Police Citizens Youth Club to fund a Sustainable Communities Garden Project
Total	\$771,800	

Enforceable undertakings case studies

Caltex Refineries (NSW) Pty Ltd

In March 2015, Caltex entered into an enforceable undertaking with the EPA in respect of an incident at its Kurnell refinery. In March 2014, heavy rainfall overwhelmed Caltex's wastewater treatment system and resulted in oily water spilling into Botany Bay. The oil impacted the coastline around Bare Island and Congwong Bay. Wastewater with contamination above Caltex's licence limits was also discharged to the ocean outfall at Yena Gap. Caltex agreed to undertake a number of corrective actions and agreed to pay \$120,000 towards environmental projects in the Botany Bay City Council, Randwick City Council and Sutherland Shire Council areas. Caltex also agreed to publicise details of the undertaking in the *Southern Courier* and the *St George & Sutherland Shire Leader*.

Sydney Water Corporation

In November 2014, Sydney Water entered into an enforceable undertaking with the EPA to contribute \$200,000 toward stormwater pollution reduction projects in the Liverpool and Fairfield areas. The undertaking was given after an incident in November 2012 when 153 megalitres of wastewater overflowed from Sydney Water's Glenfield Water Recycling Plant into the Georges River. The overflow was the result of a mechanical failure and extreme wet weather. Up to \$100,000 each will be given to Liverpool City Council and Fairfield City Council to carry out the projects. Any surplus funds will be paid to the Environmental Trust.

Transpacific Industries Pty Ltd

In May 2015, an enforceable undertaking was accepted from Transpacific Industries Pty Ltd. Transpacific operates a hazardous waste storage and treatment facility at Raven Street, Kooragang. At that facility, between about 30 April and 13 May 2014 an unknown quantity of

treated wastewater which should have been pumped to sewer was discharged to stormwater. The incident occurred while the control box for the pump which sent waste water to sewer had electrical problems. A Transpacific employee then connected a pipe from a wastewater tank to an outlet connected to the stormwater system. Transpacific agreed to pay \$100,000 to fund a Sustainable Communities Garden project to be undertaken by the Newcastle Police Citizens Youth Club at Broadmeadow. The company also agreed to review procedures to prevent any reoccurrence of the incident and to publicise details of the undertaking in the *Newcastle Herald* and the *Newcastle Star*.

Licence reviews under section 78

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

In 2014–15, a total of 647 licences were due for review. Of these, the EPA completed 628 by the due date. The table below shows details of licence reviews for each financial year from 2012–13.

Financial year	Licence reviews	Licence reviews completed by due date	Licence reviews completed late
2012–13	213	197	16
2013–14	589	581	8
2014–15	647	628	19

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

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.

Following a review of the public notification, it was found that it did not contain all of the required information. This was reported to the EPA Board. Changes to the public notices were made for reviews due after 24 November 2014.

Risk management

Finance, Audit and Risk Committee

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

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

- Chris Knoblanche: independent Chair (four-year term of appointment, commencing 18 May 2012)
- Alec Brennan: independent Member 1 (three-year term of re-appointment, commencing 18 May 2015)

- 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 2014–15, meetings were held 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 the review of financial statements
- review and compliance with applicable laws and regulations
- internal and external audit – forum for communication, review audit coverage and work plans and audit reports.

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

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

The committee must declare all conflicts of interest. All 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 in August 2015.

EPA internal audit and risk management statement



Internal Audit and Risk Management Statement for the 2014-2015 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 operation 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 will be 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 Office of Environment and Heritage (OEH) provides corporate specialist and support services to the EPA through a Service Agreement and therefore holds suitably qualified and experienced personnel. <p><u>Description of the Approach</u></p> <ul style="list-style-type: none"> OEH's Director Finance, Procurement, Performance and Services has been appointed as non-independent member of EPA's Finance, Audit and Risk Committee.

I, Barry Buffier Chair and CEO of the EPA, am of the opinion that the Finance, 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:

- Independent Chair, Mr Chris Knoblanche (4 year term of appointment, commenced on 18 May 2012)
- Independent Member, Mr Alec Brennan, (3 year term of appointment, commenced on 18 May 2015)
- Non-independent Member, Mr Ian French, (2 year term of appointment, commenced on 12 April 2014)

These processes, including the practicable alternative measures implemented, provide a level of assurance that enables the senior management of the EPA to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with exceptions with the policy to the Treasury on behalf of the Treasurer.

 25/8/15

BARRY BUFFIER
Chair and CEO
Environment Protection Authority

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EPA internal audit

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

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

The EPA Internal Audit Charter provides the framework for the internal audit function. The purpose of the charter is to address the role, responsibilities, authorisation, activities and reporting relationships of the internal audit function. The charter was reviewed by the Finance, Audit and Risk Committee and subsequently approved by the EPA Board to ensure it continues to be consistent with the financial, risk management and governance arrangements of the EPA and current professional practice. The 2014–17 EPA Internal Audit Plan was endorsed by the Finance, Audit and Risk Committee in February 2015.

EPA insurance

The EPA has insurance cover through the NSW Treasury-Managed Fund, which uses QBE for workers' compensation and GIO General Ltd for other risk areas as listed in the table below.

The insurance covers the EPA and the employees and volunteers of the EPA Staff Agency for their legal liability to any third party arising out of their operations worldwide.

Areas of risk and related insurance costs

	2012–13 \$'000	2013–14 \$'000	2014–15 \$'000
Workers' compensation	311	177	166
Public liability	2	16	26
Property	10	3	9
Motor vehicles	51	56	156
Miscellaneous	1	1	1
Total	375	253	358

Premiums are based on claims history and reflect the EPA's risk management approach to managing claims. The increase³ in 2014–15 reflects a change in overall risk and claims management within the Government sector.

Public interest disclosures

The EPA operates under a Service Agreement with OEH which provides essential and corporate services to the EPA. To facilitate the operation of the agreement, the EPA has adopted the OEH *Public Interest Disclosures Policy and Procedures*.

In 2014–15, there were no new public interest disclosures (PIDs) made to the EPA. In compliance with the NSW Ombudsman's Office, six-monthly reporting on all PID information was submitted on 2 February 2015 (July to December 2014) and 23 July 2015 (January to June 2015).

The EPA delivers staff training that includes introduction to the EPA, its authorised officers and ethics which addresses, among other things, Public Interest Disclosures and procedures for reporting a PID in the EPA. In 2014–15, a total of 50 staff attended these courses.

Consumer response

Environment Line

The Environment Line handles general inquiries about environmental issues and takes reports of pollution for which the EPA has regulatory responsibilities. OEHL provides this service as a one-stop pollution and environmental incident reporting service for both OEHL and EPA.

EPA Environment Line complaints received between 2012–13 and 2014–15

Type of complaint	2012–13	2013–14	2014–15
Odour	2479	2229	1850
Air Quality*	691	758	741
Noise	1435	1389	1780
Other	2858	2278	2985

*In 2012–13, 691 dust incidents were reported. From 2013–14 onwards, this category was broadened to 'air quality'.

Handling complaints

The EPA is committed to its stakeholders and values any feedback and complaints received. 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 OEHL 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 OEHL 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 in 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 appropriate regulating authority for all environmental issues when, for many, councils or other agencies are defined as the appropriate regulating authority 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 information provided directly from the EPA.

Allegations of fraud and corruption

During 2014–15, the EPA received two allegations of misconduct and corruption. Both of these allegations were finalised during the financial year.

There were no findings of misconduct in either of these cases. However, action was taken to improve systems.

External complaints

During 2014–15, the EPA received six external complaints, and of these, four complaints were finalised (with no disciplinary action deemed necessary) and two complaints are under review pending final determination.

Controlled entities

In 2014–15, the EPA had one controlled entity.

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

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. The EPA Staff Agency's objectives, operations, activities, performance targets and performance measures are included throughout the EPA Annual Report.

Privacy management

EPA Privacy Management Plan

Clause 6 of the Annual Reports (Departments) Regulation 2010 requires a statement of the action taken by the EPA in complying with the requirements of the *Privacy and Personal Information Protection Act 1998* (the PPIP Act), and statistical details of any reviews conducted by or on behalf of EPA under Part 5 of the Act.

The updated Privacy Management Plan, which covers both EPA and OEH, was announced at a morning tea event to launch and celebrate Privacy Awareness Week. The Privacy Commissioner attended this event and gave a presentation on privacy matters.

EPA's Privacy Management Plan and Guidelines was reviewed this year and outlines how we comply with the principles of the PPIP Act and the *Health Records and Information Privacy Act 2002*. The plan is available on the EPA website.

In the past 12 months, EPA did not receive any complaints or requests for internal review under section 15 of the PPIP Act.

Overseas travel

Name	Purpose of visit (summary)	Dates
Rob Hogan	Travel to NZ to complete approved Executive Masters in Public Administration	22–26 November 2014
Mark Jackson	Travel to NZ to complete approved Executive Masters in Public Administration	21–27 November 2014

Obligations under the GIPA Act

Review of proactive release program: Clause 7(a)

Section 7 of the *Government Information (Public Access) Act 2009* (GIPA Act) 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 be undertaken at least once every 12 months.

Our agency's program for the proactive release of information involves all areas checking information that has been proactively released during the past year. This also includes checking information informally released during the past 12 months, any information that was formally requested under the GIPA Act as well as any other data or information held by the agency that could be made publicly available proactively.

During the reporting period, we reviewed this program by checking with all areas of the organisation and providing education on how to proactively release information.

As a result of this review, we proactively released information on community recycling programs and the illegal waste dumping strategy.

The EPA constantly reviews information released informally or requested under formal applications under the GIPA Act to identify information of interest to the public that can be proactively released.

Number of access applications received: Clause 7(b)

During the reporting period, our agency received a total of 59 formal access applications (including withdrawn applications but not invalid applications). Five of the six invalid applications received became valid and those five are included in the numbers reported below.

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

During the reporting period, our agency refused a total of nine access applications either wholly or in part because the information requested was information referred to in Schedule 1 to the GIPA Act. Of those applications, all were refused in part.

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

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	5	9	0	1	0	0	0	1
Members of Parliament	2	2	0	0	0	0	0	0
Private sector business	4	3	0	0	0	2	0	0
Not for profit organisations or community groups	3	3	1	0	0	0	0	1
Members of the public (application by legal representative)	4	5	0	1	0	1	0	2
Members of the public (other)	9	7	0	3	0	1	0	0

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

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	0	0	0	0	0	0	0
Access applications (other than personal information applications)	27	29	1	5	0	4	0	4
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

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

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

Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	5
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	0
Invalid applications that subsequently became valid applications	0

Note: One invalid application received in 2014–15 that subsequently became valid was finalised in 2015–16 and will be included in next year's report.

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	2
Executive Council information	0
Contempt	0
Legal professional privilege	7
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 in relation to the following table.

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	7
Law enforcement and security	2
Individual rights, judicial processes and natural justice	21
Business interests of agencies and other persons	7
Environment, culture, economy and general matters	2
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Timeliness

	Number of applications*
Decided within the statutory time frame (20 days plus any extensions)	57
Decided after 35 days (by agreement with applicant)	13
Not decided within time (deemed refusal)	0
Total	70

*Does not include the four withdrawn applications.

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

	Decision varied	Decision upheld	Total
Internal review	1	5	6
Review by Information Commissioner*	1	1	2
Internal review following recommendation under section 93 of Act	0	0	0
Review by NCAT	0	1	1
Total	2	7	9

*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.

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)	5

Section 4:

Financial performance

Budgets

Total recurrent operating expenses

Original 2014–15 Budget	\$141.6 million
Revisions	Nil
Final 2014–15 Budget	\$141.6 million
Original 2015–16 Budget	\$158.1 million
Revisions	Nil
Final 2015–16 Budget	158.1 million

The adjustments to budget first approved are nil.

The reason for the increase between the 2014–15 and 2015–16 budget is as follows:

- The increase in recurrent expenditure in the 2015–16 Budget results from the transfer of expenditure for a number of environmental projects between financial years.

The capital works expenditure budget for 2015–16 is \$4.3 million and is primarily for software systems to support the EPA's regulatory business as well as coal seam gas technical training equipment.

Expenditure

Exceptional movements in wages, salaries and allowances

There were no exceptional movements in wages, salaries or allowances in 2014–15. All increases to wages, salaries or allowances have been consistent with NSW Government Wages Policy.

Certification of credit card use

The EPA has a credit card program and policy in place, which are consistent with the NSW Government's policy as outlined in relevant Treasury Circulars and Treasurer's Directions. NSW Treasury issued a policy requiring the use of credit cards for all transactions up to \$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, systems controls, review and reporting. There were no incidents of credit card fraud by EPA staff reported during 2014–15.

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

Investment performance

The EPA does not have an hourglass facility with Tcorp.

Liability management performance

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 2014–15

Implementation of price determination

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

Consultants

Consultant	Category	Product description	Cost
Consultancies of \$50,000 or more: 2014–15			
SMS Consulting Group Ltd	Environmental	ICT Strategy Initiation Projects	\$128,500
Bullseye	Environmental	ICT Strategy Initiation Projects	\$85,144
CRC Care Pty Ltd	Environmental	Contaminated Sites Section	\$51,000
Subtotal			\$264,644
Consultancies of less than \$50,000: 2014–15			
Finance and accounting	–	–	–
Information technology	–	–	–
Legal	–	–	–
Management services	–	–	–
Environmental	20	n/a	\$135,066
Engineering	–	–	–
Organisational review	–	–	–
Training	–	–	–
Subtotal	–	–	–
Total consultancies	20		\$399,710

Disclosure of subsidiaries

The EPA had no subsidiaries in 2014–15.

Major assets acquired (other than land holdings)

There were no major retirements of property, plant and equipment (PPE) assets during the year.

The total of EPA's PPE assets was \$5.53 million as at 30 June 2015.

Work acquired and completed on a number of information technology capital projects during 2014–15, which are classified under the intangible asset category.

Outlays on major projects and acquisitions included:

- regulatory and communication system enhancement: \$2.1 million.

Production cost of the Annual Report

Costs associated with the cost of this report have been covered by the office of Environment and Heritage under the OEH–EPA Service Agreement 2014–15.

Major works in progress

Major work in progress as at 30 June 2015	Cost to date \$'000	Cost overrun \$	Estimated date of completion
Regulatory and communication system enhancement	1.005	Nil	2017

No significant cost overruns or delays occurred during 2014–15. Nil projects were cancelled.

Account payment performance

Aged analysis at the end of each quarter

Quarter	Current (within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue
All suppliers					
September	\$6,610,679	\$142,185	\$1,915	–	–
December	\$11,802,696	\$725,903	\$146,574	\$210,174	\$501,387
March	\$6,111,179	\$810,653	\$32,777	\$16,007	\$60,017
June	\$19,293,514	\$654,717	\$21,261	\$20,802	\$120,829
Small business suppliers					
September	\$622,401	–	–	–	–
December	\$637,742	\$6,912	–	–	–
March	\$143,606	–	–	–	–
June	\$735,184	–	–	–	–

Accounts due or paid within each quarter

Measure	Sep 2014	Dec 2014	Mar 2015	Jun 2015
All suppliers				
Number of accounts due for payment	2,002	2,212	2,308	3,723
Number of accounts paid on time	1,963	1,717	2,054	3,371
Actual percentage of accounts paid on time (based on number of accounts)	98%	78%	89%	91%
Dollar amount of accounts due for payment	6,754,779	13,386,734	7,030,633	20,111,123

Measure	Sep 2014	Dec 2014	Mar 2015	Jun 2015
Dollar amount of accounts paid on time	6,464,855	11,802,696	6,111,179	19,293,514
Actual percentage of accounts paid on time (based on dollar amount)	96%	88%	87%	96%
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	24	35	18	64
Number of accounts due to small businesses paid on time	24	33	18	64
Actual percentage of small business accounts paid on time (based on number of accounts)	100%	94%	100%	100%
Dollar amount of accounts due for payment to small businesses	622,401	644,654	143,606	735,184
Dollar amount of accounts due to small businesses paid on time	622,401	637,742	143,606	735,184
Actual percentage of small business accounts paid on time (based on dollar amount)	100%	99%	100%	100%
Number of payments to small business for interest on overdue accounts	–	2	–	–
Interest paid to small businesses on overdue accounts	–	64	–	–

Helping others

Grants

The EPA offers a broad selection of grants to government, business and community to help reduce waste production, combat illegal dumping, increase capacity for recycling and encourage environmental awareness and good practice. All waste grant funding comes from recurrent EPA funding unless otherwise stated below.

Business recycling

Bin Trim Rebates Program

Nine Bin Trim rebates totalling \$93,826 were awarded to NSW small-to-medium enterprises in 2014–15. The Bin Trim Rebates Program is supported by the Environmental Trust. It funds small-scale recycling infrastructure and equipment to help divert waste materials from landfill by improving source separation of recyclables, reducing waste and increasing recycling in the workplace. Rebates of between \$2000 and \$25,000 were available to fund up to 50% of the cost of equipment.

Funding is awarded on a milestone basis over multiple financial years. The details below list nine rebates awarded during 2014–15. Actual payments to recipients amounted to \$55,715 in 2014–15.

Recipient	Amount of grant approved 2014–15
Cumberland Country Golf Club	\$14,318
Stone and Wood Brewing Company	\$5,750
Brookfarm	\$6,345
The Grace Hotel	\$9,120
The Good Guys Bankstown	\$14,840
The Good Guys Kotara	\$14,839
Phil Favero's The Good Guys – Rockdale	\$14,839
The Good Guys Erina	\$10,495
Modern Tiles Erina	\$3,282
Total	\$93,828

Bin Trim Business Grant Program: Round 1

Bin Trim Business grants provide funding to waste experts to conduct 'bin trim' waste assessments for small-to-medium business to identify opportunities to increase recycling and reduce waste to landfill. Some milestone payments for grants awarded in the previous financial year were paid in 2014–15. Also, Round 1 grantees were awarded incentive payments in 2014–15, listed below. Together, the grant milestone and incentive payments in 2014–15 amounted to \$2,629,829.

Recipient	Approved incentive payments 2014–15
360 Green	\$4,350
A Prince Consulting Pty Limited	\$2,500
Albury City Council (with Corowa Council and Greater Hume Council)	\$12,600
Belinda Evans	\$7,700
Better Business Partnership	\$12,600
City of Canada Bay	\$8,050
Cool Planet Energy Pty Limited	\$16,450
EC Focus Pty Ltd t/as Energy Conservation	\$8,800
Edge Environment	\$10,600
Ethnic Communities Council of NSW	\$6,650
Footprint Energy	\$4,150
Handybin Waste Services (Coffs Harbour) Pty Ltd	\$23,800
Impact Environmental Consulting Pty Limited	\$9,700
JR Richards & Sons	\$19,800
KMH Group	\$12,750
Mil-tek Waste Solutions Pty Ltd	\$6,350
MRA Consulting Group	\$27,600
North East Waste c/- Lismore City Council	\$12,800
NSW Glass & Glazing Association	\$3,500
Rana Environmental Pty Limited	\$2,650
Remondis Australia Pty Ltd	\$24,500

Recipient	Approved incentive payments 2014–15
Relivit Pty Limited	\$6,700
Riverina Eastern Regional Organisation of Councils (REROC)	\$5,950
SITA Australia Pty Limited	\$16,150
Transpacific Industries Pty Ltd t/as Cleanaway	\$41,300
Waste Audit & Consultancy Services (WACS)	\$26,800
Waverley Council	\$11,950
Total	\$346,750

Australian Packaging Covenant – Glass

Glass crushing equipment is key to regional areas in NSW. Fixed glass crushing infrastructure was funded in four sites in regional NSW with a support program and a how-to guide and business and project planning templates for setting up new facilities.

Projects awarded under this program (administered by the Australian Packaging Covenant) run over more than one financial year on a milestone basis.

During 2014–15 the EPA contribution amounted to a total of \$133,750 in payments from grants approved in 2013–14.

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 programs that increase recycling and reduce litter administered by the covenant.

Projects awarded under this program run over more than one financial year. The details below show grants approved during 2014–15, with payments made on a milestone basis.

During 2014–15, this amounted to a total of \$1,372,388 in payments which includes grants approved in 2013–14. \$715,500 in funding is accrued and on hold due to compliance issues.

Recipient	Amount of grant approved 2014–15
Transpacific Cleanaway	\$162,500
Lismore City Council	\$25,500
Kurrajong Waratah	\$330,613
Total	\$518,613

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 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.

During 2014–15, this amounted to a total of \$1,036,028 in payments from grants approved in 2013–14. No new grants were approved in 2014–15.

Improving systems for household problem wastes

Regional Household Chemical CleanOut Program

The household chemical clean-out program is conducted by the EPA in the Sydney Metropolitan, Illawarra, Central Coast and Hunter regions. In rural regional NSW, funding support is provided to the voluntary regional waste groups to carry out collection events where householders can bring their hazardous wastes free-of-charge for safe disposal or recycling. The regional delivery of the service in rural areas provides statewide coverage so that all householders have access to the program. Below are the details of grants approved during 2014–15.

Recipient	Amount of grant approved 2014–15
Northern Inland Regional Waste	\$80,000
Midwaste (mid North Coast)	\$45,000
North East Waste	\$50,742
Riverina and Murray Regional Organisation of Councils (Murray)	\$42,659
Riverina Eastern Regional Organisation of Councils	\$75,000
Netwaste (areas west of the Blue Mountains across to Broken Hill)	\$100,000
South East Regional Group	\$82,500
Total	\$475,901

Community Recycling Centres

Community Recycling Centres Program aims to establish permanent facilities across NSW where householders can drop off their problem waste free-of-charge all year round, with infrastructure grants administered by the Environmental Trust.

Seventy-five councils have received grants through the Environmental Trust for a Community Recycling Centre. In addition to the infrastructure grants, the EPA funds these councils to support community and education activities, branded signage, tablets for online reporting, safety cabinets for hazardous materials and spill kits provided at the Community Recycling Centres.

Recipient	Amount of grant approved 2014–15
Singleton Shire Council	\$10,000
Port Stephens Council	\$10,722
North East Waste Group of Councils	\$61,833
Deniliquin Council	\$10,000
Kiama Municipal Council	\$10,000
Midwaste Group of Councils	\$50,000
Netwaste Group of Councils	\$70,737
Wingecarribee Shire Council	\$10,000
Hurstville, Kogarah and Rockdale Councils	\$30,000
Liverpool City Council (early start demonstration centre)	\$60,748
Albury City Council	\$10,000
Northern Inland Regional Waste Group of Councils	\$50,000
Holroyd, Parramatta and Auburn Councils	\$30,000

Recipient	Amount of grant approved 2014–15
Muswellbrook Shire Council	\$10,000
Griffith City Council	\$10,000
Leichhardt Council	\$10,000
Lake Macquarie City Council (early start demonstration centre)	\$50,802
Coffs Harbour City Council	\$3,323
Palerang Shire Council	\$3,285
Uralla Shire Council	\$11,486
Greater Taree City Council	\$9,942
Blue Mountains City Council	\$775
Port Macquarie Shire Council	\$8,579
Nambucca Shire Council	\$1,324
CRC Dangerous Goods Safety Cabinets (for operating centres)	\$133,538
Total	\$667,094

Local government programs

A grand total of \$21,256,667 in payments were made under local government programs in 2014–15.

Better Waste and Recycling Fund

The Better Waste and Recycling Fund helps 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*. This grant is available to local councils and regional groups of councils in the levy-paying area. Payments for 2014–15 were made to 81 participating organisations, totalling \$17.2 million.

Regional coordination and strategy support program, Greater Sydney

This program provides funding to groups of councils in the Sydney, Hunter and Illawarra regions to support the development of regional waste strategies, fund regional coordinators and undertake locally relevant waste and recycling projects. Projects awarded under this program run over four financial years. The details below show grants approved during 2014–15. Payments for this grant are made on a milestone basis: during 2014–15, payments amounted to a total of \$1,226,667.

Regional coordination and strategy support for rural and regional NSW

This program provides funding to groups of councils in rural and regional NSW to support the development of regional waste strategies, fund regional coordinators and undertake locally relevant waste and recycling projects. Projects awarded under this program run over four financial years. The details below show grants approved during 2014–15. Payments for this grant are made on a milestone basis: during 2014–15, payments amounted to a total of \$2,730,000.

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

This program provides funding to Waste Aid for the development of a strategy for sustainable waste management in discrete Aboriginal communities and a dedicated NSW project coordinator. This amounted to a total of \$100,000 in payments.

Recipient	Amount of grant approved 2014–15
Better Waste and Recycling Fund	
Ashfield Council	\$130,787
Auburn City Council	\$204,433
Ballina Shire Council	\$125,451
Bankstown City Council	\$417,913
Bellingen Shire Council	\$71,932
Blacktown City Council	\$658,835
Blue Mountains City Council	\$196,650
Burwood Council	\$114,106
Byron Shire Council	\$107,180
Camden Council	\$166,627
Campbelltown City Council	\$338,171
Canterbury City Council	\$327,488
Cessnock City Council	\$149,838
City of Canada Bay Council	\$207,325
Clarence Valley Council	\$143,693
Coffs Harbour City Council	\$182,694
Council of the City of Sydney	\$408,412
Dungog Shire Council	\$64,472
Fairfield City Council	\$426,280
Gloucester Shire Council	\$57,124
Gosford City Council	\$368,639
Great Lakes Council	\$116,012
Greater Taree City Council	\$139,565
Hawkesbury City Council	\$170,134
Holroyd City Council	\$252,392
Hurstville City Council	\$207,237
Kempsey Shire Council	\$102,950
Kogarah City Council	\$161,296
Ku-ring-gai Council	\$271,442
Kyogle Council	\$65,701
Lake Macquarie City Council	\$425,095
Lane Cove Municipal Council	\$111,660
Leichhardt Municipal Council	\$155,387
Lismore City Council	\$131,655

Recipient	Amount of grant approved 2014–15
Liverpool City Council	\$414,871
Maitland City Council	\$185,792
Manly Council	\$130,894
Marrickville Council	\$202,847
Mosman Municipal Council	\$104,119
Muswellbrook Shire Council	\$79,443
Nambucca Shire Council	\$84,475
Newcastle City Council	\$345,716
North Sydney Council	\$177,902
Parramatta City Council	\$394,702
Penrith City Council	\$405,612
Pittwater Council	\$164,414
Port Macquarie-Hastings Council	\$191,648
Port Stephens Council	\$177,319
Randwick City Council	\$315,193
Richmond Valley Council	\$90,526
Rockdale City Council	\$248,301
Ryde City Council	\$259,268
Shellharbour City Council	\$175,176
Shoalhaven City Council	\$231,355
Singleton Council	\$92,408
Strathfield Municipal Council	\$119,857
Sutherland Shire Council	\$467,179
The Council of the City of Botany Bay	\$129,128
The Council of the Municipality of Hunters Hill	\$75,008
The Council of the Municipality of Kiama	\$87,327
The Council of the Shire of Hornsby	\$361,316
The Hills Shire Council	\$392,712
Tweed Shire Council	\$217,112
Upper Hunter Shire Council	\$75,307
Warringah Council	\$334,597
Waverley Council	\$180,642
Willoughby City Council	\$185,244
Wingecarribee Shire Council	\$136,197
Wollondilly Shire Council	\$134,771
Wollongong City Council	\$433,429
Woollahra Municipal Council	\$156,159
Wyong Shire Council	\$343,470
SSROC	\$464,413

Recipient	Amount of grant approved 2014–15
MACROC	\$75,191
NSROC	\$167,796
SHOROC	\$82,264
Southern Councils Group	\$124,946
WSROC	\$460,456
Hunter Councils	\$176,583
Midwaste	\$85,486
North East Waste	\$82,864
Subtotal	\$17,200,000*
Regional Coordination and Strategy Support Program Greater Sydney	
Hunter Councils Inc.	\$400,000
Subtotal	\$400,000
Regional coordination and strategy support for rural and regional NSW	
Midwaste	\$960,213
Netwaste	\$1,909,485
North East Waste	\$928,479
Northern Inland Regional Waste (NIRW)	\$1,040,037
RAMROC – Murray	\$869,790
RAMROC – Riverina	\$621,474
Riverina Eastern Regional Organisation of Councils	\$838,896
Canberra Regional Joint Organisation (aka SEROC)	\$1,021,626
Subtotal	\$8,190,000
Waste Aid partnership for sustainable waste management in discrete Aboriginal communities across NSW	
Waste Aid	\$280,000
Subtotal	\$280,000
Total	\$26,070,000

* Where figures have been rounded to the nearest thousand dollars, discrepancies may occur between totals and the sums of the component items.

Major programs grants

Illegal dumping grants

Under the Illegal Dumping Co-ordination program, a grand total of \$3,541,368 in payments were made in 2014–15.

Combatting Illegal Dumping: Clean-Up and Prevention

The Combatting Illegal Dumping: Clean-Up and Prevention Program grants support local government, public land managers and community groups to identify illegal dumping sites and implement prevention and clean-up action on publicly managed land. Projects awarded under this program run for 12 months. During 2014–15, total payments were \$1,145,911.

The table below show grants approved during 2014–15, totalling \$1,569,009.

Recipient	Amount of grant approved 2014–15
Ashfield City Council	\$20,000
Central Darling Shire Council	\$20,000
Central West Off Road Bicycle Club	\$49,560
Cobar Shire Council	\$20,000
Dubbo City Council	\$47,000
Forbes Shire Council	\$20,000
Garage Sale Trail Foundation	\$50,000
Goulburn Mulwaree Council	\$19,999
Greater Taree City Council	\$70,000
Griffith City Council	\$128,643
Gunnedah Shire Council	\$55,500
Hornsby Shire Council	\$20,000
Lachlan Shire Council	\$20,000
Lake Macquarie City Council	\$97,200
Lakes Area National Parks and Wildlife Service Office of Environment and Heritage	\$20,000
Lithgow City Council	\$20,000
Liverpool Plains Shire Council	\$17,250
Maitland City Council	\$19,465
Manly Council	\$20,000
Midwaste	\$20,000
National Parks and Wildlife Service, Office of Environment and Heritage (Lower Hunter Area)	\$81,000
National Parks and Wildlife Service, Office of Environment and Heritage (Lower Hunter Area)	\$10,000
Northern Sydney Regional Organisation of Councils	\$20,000
NSW Trade & Investment, Crown Lands	\$4,500
NSW Trade and Investment, Crown Lands	\$19,660
Parkes Shire Council	\$20,000
Port Stephens Council	\$32,000
Port Stephens Council	\$100,000
RAMROC Riverina Waste Group	\$20,000
Riverina and Murray Regional Organisation of Councils Voluntary Waste Management Group	\$20,000
Riverina Eastern Regional Organisation of Councils	\$20,000
Shoalhaven City Council	\$134,000
Sutherland Shire Council	\$40,000
Tamworth Regional Council	\$20,000
Waverley Council	\$20,000
Wellington Council	\$75,000
Wingecarribee Shire Council	\$138,232

Recipient	Amount of grant approved 2014–15
Wyong Shire Council	\$40,000
Total	\$1,569,009

Aboriginal Land Clean-Up and Prevention Program

The Aboriginal Land Clean-Up and Prevention program is funded under the NSW EPA's *Waste Less, Recycle More* initiative and provides funding to local Aboriginal land councils to help clean-up illegally dumped waste on private Aboriginal land and deter further dumping. Successful programs are completed over a 12-month period. During 2014–15, total payments were \$228,018. The table below shows grants approved during 2014–15, totalling \$253,353.

Recipient	Amount of grant approved 2014–15
Bateman's Bay Local Aboriginal Land Council	\$41,821
Birraban Local Aboriginal Land Council	\$49,993
La Perouse Local Aboriginal Land Council	\$10,668
Wellington Local Aboriginal Land Council	\$11,000
Nowra Local Aboriginal Land Council	\$19,871
Darkinjung Local Aboriginal Land Council	\$50,000
Merrimans Local Aboriginal Land Council	\$20,000
Walgett Local Aboriginal Land Council	\$50,000
Total	\$253,353

Regional Illegal Dumping (RID) Squads and Programs

The Regional Illegal Dumping (RID) Squads are funded under the *Waste Less, Recycle More* initiative. RID Squads specialise in dealing with illegal dumping and illegal landfilling in regional areas. Grant funding is provided by the EPA and matched by member councils who work together and pool resources to tackle illegal dumping across local government areas. This is a three-year program until 2017. Funding is given on a milestone basis; during 2014–15, total payments were \$2,027,000.

Recipient	Amount of grant approved 2014–15
Bankstown City Council (Inner West RID Squad)	\$350,000
Kiama Municipal Council (Southern Councils Group RID Program)	\$406,000
Lake Macquarie City Council (Hunter Central Coast RID Squad)	\$800,000
Penrith City Council (Western Sydney RID Squad)	\$406,000
Total	\$1,962,000

Pilot Program to Reduce Illegal Dumping on Charitable Recyclers

The Pilot Program to Reduce Illegal Dumping on Charitable Recyclers was funded under the NSW EPA's *Waste Less, Recycle More* initiative. A number of prevention and deterrent methods were trialled, including cameras and signage, together with education and awareness-raising campaigns. The details below show grants approved in 2014–15, totalling \$77,430. During 2014–15, total payments were \$15,439.

Recipient	Amount of grant approved 2014–15
Armidale Dumaresq Council, Lifeline, Salvation Army and St Vincent De Paul	\$20,000
Hunter Councils Incorporated and St Vincent De Paul	\$19,930
Mission Australia and Wollongong City Council	\$19,487
St Vincent De Paul Brookvale	\$13,000
Simply Stronger Communities	\$3,013
St Vincent De Paul	\$1,000
Thorndale Foundation	\$1,000
Total	\$77,430
Total payments in 2014/15	\$15,439

***Waste Less, Recycle More* officer in local government**

The EPA is funding an officer to be placed in Local Government NSW, focusing on litter and illegal dumping. The grant supports, enables and encourages local government to access the opportunities offered by the *Waste Less, Recycle More* initiative.

The officer, located in the environment section of the Local Government NSW office in Sydney, works closely with councils on *Waste Less, Recycle More* programs, and is a contact point for local government. While the focus is on litter and illegal dumping, the officer works across all of the *Waste Less, Recycle More* programs, supporting councils and their involvement.

Recipient	Amount of grant approved 2014–15
Local Government NSW	\$125,000
Total	\$125,000

UNSW Co-op scholarship

The UNSW Co-op Program is a career-development scholarship that gives scholars the opportunity to gain experience with leading companies through industry placements.

Since 2006, the EPA's Waste and Resource Recovery branch has been contributing to this program and working with UNSW Co-op scholars in chemical engineering and industrial chemistry, and more recently, environmental engineering. The branch sponsors four students for two six-week and two six-month periods over four years. Under the program, the branch can also consult honours students and academic groups, and invite them to conduct research on issues of interest.

During 2014–15, three payments were made to the program, totalling \$52,700; two for the completion of the previous year's program, and one to the new program which commenced on 1 January 2015.

Recipient	Amount of grant approved 2014–15
UNSW Co-op Program – recommitment for another four-year program	\$74,800
Total	\$74,800

Litter reduction

A grand total of \$673,147 in grant payments for litter reduction programs were made in 2014–15.

Round 1 and Round 2 of Council Litter Prevention Grants

The Council Litter Prevention Grants fund council projects that target NSW's most littered materials and litter hot spots. Projects integrate a range of strategies including enforcement, infrastructure and education, and use EPA-developed tools and resources such as *Hey Tosser!* and Local Litter Check. Grants were awarded in 2013–14.

Projects awarded under this program may run over multiple financial years. Payments are made on a milestone basis. A total of \$554,489 in milestone payments were made under both Round 1 and Round 2 of this program in 2014–15.

Community Litter Prevention Grants

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

A grant was made to Keep NSW Beautiful in 2013–14 to administer the program on behalf of the EPA and deliver grant funding to community groups.

Payments are made on a milestone basis. A total of \$108,658 in milestone payments were made in 2014–15.

Sustainable Waste in Aboriginal Communities demonstration project (jointly funded with the Australian Packaging Covenant)

The EPA and Australian Packaging Covenant are jointly funding a pilot project in Aboriginal communities in Bourke and Enngonia. The project aims to improve waste management in Aboriginal communities in the long term, especially with regard to household waste services, litter and illegal dumping. Payments are made on a milestone basis. A total of \$10,000 in milestone payments were made in 2014–15.

Recipient	Amount of grant approved 2014–15
Waste Aid Ltd	\$30,000

Alternative Waste Treatment – mixed waste organic output trials

Alternative Waste Treatment refers to waste treatment plants that mechanically and biologically process and treat mixed or unsegregated waste. The process involves removing hazardous materials such as gas bottles and car batteries, recovering recyclable materials such as paper, glass and metals, and composting the remaining organic waste for use in agriculture, forestry or mine-site rehabilitation.

This grant is funding four projects over four years to better understand the nature and risks of using compost made this way, and how it may affect agricultural lands. During 2014–15, the funding totalled \$258,618 in payments, towards different sub-components of Project 1 and Project 2. Project 1 is being conducted by a number of collaborating research groups from different research institutions. Projects 3 and 4 were completed in June 2015.

Weighbridge Fund

The Weighbridge Fund supports the installation of weighbridges at recycling sites to facilitate the collection and payment of the waste and environment levy. Weighbridges will ensure better quantification of waste and support better environmental performance at waste and recycling facilities.

Projects awarded under this program run over more than one financial year. Payments for this grant are made on a milestone basis: during 2014–15, this amounted to \$703,210 in total.

Recipient	Amount of grant approved 2014–15
Aussie Skips Pty Ltd	\$72,162
St Marys Recycling Pty Ltd	\$74,952
BioCoal Group Pty Ltd	\$52,095
Budget Waste Control	\$69,715
Clean Valley Pty Ltd	\$54,730
Economy Waste Group Pty Ltd	\$60,675
Enviro Recycling Pty Ltd	\$40,000
Hi-Quality Quarry (NSW) Pty Ltd	\$74,337
Hunter Water Corporation	\$75,000
REMONDIS Australia Pty Ltd (Awaba)	\$50,238
REMONDIS Australia Pty Ltd (St Mary's)	\$55,785
REMONDIS Australia Pty Ltd (Picton)	\$55,785
Shoalhaven Recycling	\$45,870
Total	\$781,344

Wood Smoke Reduction Program

The aims and objectives of the Wood Smoke Reduction Program were to assist councils to educate the public on wood smoke pollution, conduct smoky chimney surveys and provide cash incentives to replace old polluting wood heaters.

No new grants were approved in 2014–15. However, as payments are made on a milestone basis and the winter season crosses financial years, grant payments totalling \$122,193 were made in 2014–15.

The Wood Smoke Reduction Program which ran during the 2013–14 winter seasons provided a total of \$1,188,320 to councils and local government organisations and is now complete.

Recipient	Total amount of grant spent
Armidale Dumaresq Council	\$93,744
Bathurst Regional Council	\$93,401
Blacktown City Council	\$43,931
Cabonne Shire Council	\$3,500
Camden Council	\$58,164
Campbelltown City Council	\$9,149
Canada Bay Council	\$10,500
Cooma-Monaro Council	\$30,000
Deniliquin Council	\$20,000
Dubbo City Council	\$53,588
Holroyd City Council	\$14,686
Lake Macquarie City Council	\$31,231
Lithgow City Council	\$20,713
Mid North Coast Regional Organisation of Councils	\$69,664

Recipient	Total amount of grant spent
Maitland City Council	\$4,800
Muswellbrook Shire Council	\$52,141
Orange City Council	\$31,385
Pittwater Council	\$26,625
Port Macquarie-Hastings Council	\$28,417
Queanbeyan City Council	\$6,222
Riverina and Murray Regional Organisation of Councils	\$75,000
Riverina Eastern Regional Organisation of Councils	\$180,000
Shoalhaven City Council	\$9,021
Singleton Shire Council	\$43,000
Strathfield Municipal Council	\$29,873
Warrumbungle Shire Council	\$5,000
Western Sydney Regional Organisation of Councils	\$99,999
Wingecarribee Shire Council	\$30,060
Wollongong City Council	\$14,506
Total	\$1,188,320

Contaminated Land Management Program

Regional Capacity Building Program

Regional Capacity Building grants are designed to increase the capacity of regional councils to manage contaminated land in regional and rural NSW. Each grantee was approved for a grant of \$150,000 a year for three years.

The details show grants approved in 2014–15, with payments made on a yearly basis for three years. During 2014–15, this amounted to a total of \$450,000 in payments.

Recipient	Amount of grant approved 2014–15
Riverina Eastern Regional Organisation of Councils (REROC) and Riverina and Murray Regional Organisation of Councils (RAMROC)	\$150,000
Bathurst, Orange and Dubbo (BOD) and Alliance Partners	\$150,000
Mid North Coast Regional Organisation of Councils	\$150,000
Total	\$450,000

Derelict Underground Petroleum Storage System

This grant is designed to assist councils with the clean-up of derelict underground tanks situated in council property. During 2014–15, this totalled \$100,000 in grant payments.

Recipient	Amount of grant approved 2014–15
Gunnedah Shire Council	\$100,000

UV Tanning Unit Disposal Scheme

\$47,000 was given in grants for the UV Tanning Unit Disposal Scheme in 2014–15. The scheme offered \$1000 per machine collected to participating businesses.

Coal Seam Gas Grant

A grant payment of \$150,000 was made to the Office of Coal Seam Gas for the purchase of fracture stimulation modelling software. This grant was in accordance with the objectives of the funding package the EPA received to provide coal seam gas regulatory training and education to regulatory agencies and the NSW community.

Sponsorships

EPA sponsorships build and strengthen relationships with local government and the community of NSW. Sponsorship funding aims to achieve or promote worthwhile campaigns that are of mutual benefit to EPA and NSW government.

Organisation/conference sponsored	Amount (excluding GST)	Details
Keep NSW Beautiful	\$34,500	Keep NSW Beautiful works across NSW to educate, motivate and reward communities who create a sustainable and more beautiful environment. Its core programs support litter reduction and environmental sustainability.
Litter Congress	\$36,364	The first ever Litter Congress held in NSW was a prime opportunity to raise the profile of litter as an issue. The congress brought together key stakeholders from around the nation and New Zealand to share their knowledge and build partnerships.
Take the Pledge	\$60,000	Take the Pledge is the new Keep NSW Beautiful approach to stopping litter in NSW by raising awareness and creating an anti-litter culture. Participants help to bring about this change by making a simple promise – ‘I pledge to keep NSW beautiful by not littering’.
Blue Star Sustainability Awards	\$21,600	The Blue Star Sustainability Awards focus on civic pride, community spirit and the long-term impacts of initiatives that help protect our environment. The annual awards program of Keep NSW Beautiful recognises and celebrates the achievements of groups, businesses and individuals in keeping our state sustainable, while promoting responsible environmental management.
Nundle Tidy Towns Awards Ceremony	\$5,000	Since 1981, the Tidy Towns – Sustainable Communities Program has been rewarding and recognising the civic pride, community spirit and environmental commitment of regional communities across NSW.
Sustainable Cities 2014	\$1,500	Sustainable Cities celebrates and promotes grassroots environmental action in NSW metro areas.
Local Government NSW 2014 Conference	\$12,520	Provides an opportunity to strengthen ties with local council decision-makers and increase local council participation in waste reduction and resource recovery initiatives.
Excellence in the Environment Week Awards	\$32,480	At these awards, the EPA Waste and Resource Recovery Branch sponsored awards for categories including Waste Avoidance and Reuse, Organics and Resource Recovery, Waste Education and Communication.
Garage Sale Trail	\$40,000	The Garage Sale Trail provides a platform to engage with the community on reuse, recycling and raising awareness about the financial and environmental costs associated with illegal dumping of household waste.

Organisation/conference sponsored	Amount (excluding GST)	Details
		Statewide community participation in 2014 totalled 350,000 people.
No Time to Waste Regional Conference	\$5,000	<p>The conference is organised by Riverina Eastern Regional Organisation of Councils and held at Wagga Wagga.</p> <p>This conference is for regional and rural councils across NSW, showcasing successful waste and recycling projects and focusing on regional challenges.</p>
Waste 2015 Conference Coffs Harbour	\$14,091	Sponsorship of this conference provided an opportunity for the EPA to disseminate information about <i>Waste Less, Recycle More</i> programs and policies and engage with key stakeholders.
Green Globe Awards sponsorship	\$20,000	The Green Globe Awards are NSW's biggest and most important sustainability awards, with 17 award categories covering a range of resource, business, community and individual sustainability initiatives.
Oz Harvest – 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's messages readily align with the OzHarvest campaign where the focus is on avoiding food waste.
International Composting Awareness Week 2015	\$9,000	International Composting Awareness Week Australia (ICAW), is a week of activities, events and publicity to improve awareness of the importance of compost, a valuable organic resource, and to promote compost use, knowledge and products. ICAW promotes composting to mitigate carbon pollution by avoiding landfilling organic materials and helping to build healthier soils.
HazMat 2015	\$9,000	HazMat 2015 is the leading conference for the chemical management, dangerous goods and hazardous materials industries. It is a two-day program which brings together speakers and presentations from these industries. The theme for the 2015 conference was creating a safer world through ensuring required information is accurate, appropriate and available for anyone who interacts with dangerous goods and hazardous materials.
Australian Organics Recycling Association (AORA) Awards 2014	\$5,000	The AORA annual awards target performance excellence in collection, processing and marketing of organics. These awards encourage improved performance across the supply chain.
The Australasian Waste and Recycling EXPO 2014	\$9,081	AWRE attracts exhibitors and industry professionals from across Australia, NZ, Asia, UK and North America looking for innovative ways to collect, sort and process waste from the municipal, commercial and construction sectors. In 2014 the event was used as a platform to launch the Bin Trim Rebate Program, providing funds to small-to-

Organisation/conference sponsored	Amount (excluding GST)	Details
		medium business to purchase small-scale onsite recycling equipment.
Annual Waste Contractors and Recyclers Association (WCRA) Industry Update event	\$6,500	<p>The WCRA Industry Update is an annual event which the EPA has co-sponsored since 2008. Sponsoring the WCRA Industry Update demonstrates EPA's ongoing commitment to supporting this industry sector, which is an EPA key stakeholder group.</p> <p>WCRA has 172 member organisations, representing about 95% of the waste management and recycling industry in NSW. The association is proactive in delivering waste management awareness programs to its members. The association assists the EPA by regularly communicating with its members about EPA policies and programs, and providing training.</p>
Total	\$331,336	

Section 5: Environment Protection Authority Financial Statements

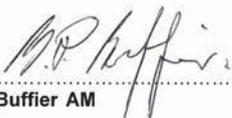
ENVIRONMENT PROTECTION AUTHORITY

Financial Statements

For the year ended 30 June 2015

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

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



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Barry Buffier AM

Chair and Chief Executive Officer, EPA

10 September 2015



Chris Knoblanche

EPA Board Member

10 September 2015



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 of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, statement 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 2015, 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 2015.

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

15 September 2015
SYDNEY

Beginning of audited financial statements

Environment Protection Authority

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Notes	Consolidated			Environment Protection Authority	
		Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
Expenses excluding losses						
Operating expenses						
Employee related	2a	59,764	58,677	54,407	–	–
Personnel services expenses	2a	–	–	–	59,764	54,407
Other operating expenses	2b	44,368	52,626	40,280	44,368	40,280
Depreciation and amortisation	2c	424	1,048	264	424	264
Grants and subsidies	2d	34,201	29,220	36,031	34,201	36,031
Total expenses excluding losses		138,757	141,571	130,982	138,757	130,982
Revenue						
Sales of goods and services	3a	469	255	425	469	425
Investment revenue	3b	640	700	823	640	823
Retained taxes, fees and fines	3c	19,073	18,160	17,637	19,073	17,637
Grants and contributions	3d	122,876	119,934	110,202	122,876	110,202
Acceptance by the Crown Entity of employee benefits and other liabilities	3e	4,272	3,406	4,809	4,272	4,809
Other revenue	3f	966	300	505	966	505
Total revenue		148,296	142,755	134,401	148,296	134,401
Gain/(loss) on disposal	4	(4)	–	–	(4)	–
Net result		9,535	1,184	3,419	9,535	3,419
Other comprehensive income						
Items that will not be reclassified to net result						
Net increase / (decrease) in property, plant and equipment revaluation surplus	8	(10)	–	71	(10)	71
Total comprehensive income		9,525	1,184	3,490	9,525	3,490

The accompanying notes form part of these financial statements.

Environment Protection Authority
Consolidated Statement of Financial Position
 As at 30 June 2015

	Notes	Consolidated			Environment Protection Authority	
		Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
Assets						
Current assets						
Cash and cash equivalents	6	16,599	5,365	5,520	16,599	5,520
Receivables	7	3,280	2,380	3,741	3,280	3,741
Total current assets		19,879	7,745	9,262	19,879	9,262
Non-current assets						
Property, plant and equipment						
Land and buildings	8	4,655	4,509	4,773	4,655	4,773
Plant and equipment	8	874	565	880	874	880
Total property, plant and equipment		5,529	5,074	5,653	5,529	5,653
Intangible assets	9	4,156	4,806	1,883	4,156	1,883
Total non-current assets		9,684	9,880	7,536	9,684	7,536
Total assets		29,563	17,625	16,798	29,563	16,798
Liabilities						
Current liabilities						
Payables	12a	6,702	6,583	4,384	6,702	4,384
Provisions	13	6,891	5,791	6,522	–	–
Other	12b	97	–	–	97	–
Payable to the EPA Staff Agency	13	–	–	–	6,891	6,522
Total current liabilities		13,690	12,374	10,906	13,690	10,906
Non-current liabilities						
Provisions	13	193	85	102	–	–
Payable to the EPA Staff Agency		–	–	–	193	102
Total non-current liabilities		193	85	102	193	102
Total liabilities		13,883	12,459	11,007	13,883	11,007
Net assets		15,680	5,166	5,790	15,680	5,790
Equity						
Reserves		953	892	963	953	963
Accumulated funds		14,727	4,274	4,827	14,727	4,827
Total equity		15,680	5,166	5,790	15,680	5,790

The accompanying notes form part of these financial statements.

Environment Protection Authority
Consolidated Statement of Changes in Equity
 For the year ended 30 June 2015

	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance at 1 July 2014		4,827	963	5,790
Net result for the year		9,535	–	9,535
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment	8	–	(10)	(10)
Total other comprehensive income		–	(10)	(10)
Total comprehensive income for the year		9,535	(10)	9,525
Increase/(decrease) in net assets from equity transfers	14	365	–	365
Balance at 30 June 2015		14,727	953	15,680
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	8	–	71	71
Total other comprehensive income		–	71	71
Total comprehensive income for the year		3,419	71	3,490
Balance at 30 June 2014		4,827	963	5,790

The accompanying notes form part of these financial statements.

Environment Protection Authority
Consolidated Statement of Cash Flows
 For the year ended 30 June 2015

	Notes	Consolidated			Environment Protection Authority	
		Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
Cash flows from operating activities						
Payments						
Employee related		(55,869)	(55,351)	(49,766)	–	–
Personnel services expenses		–	–	–	(55,869)	(49,766)
Grants and subsidies		(34,201)	(29,220)	(36,028)	(34,201)	(36,028)
Other*		(50,145)	(52,626)	(46,917)	(50,145)	(46,917)
Total payments		(140,215)	(137,197)	(132,712)	(140,215)	(132,712)
Receipts						
Grants and contributions		110,155	119,434	103,576	110,155	103,576
Sale of goods and services		489	18,355	425	489	425
Retained taxes, fees and fines		19,073	–	17,637	19,073	17,637
Interest received		809	700	889	809	889
Cash reimbursements from the Crown Entity**		1,192	–	1,132	1,192	1,132
Other		21,796	860	9,977	21,796	9,977
Total receipts		153,514	139,349	133,637	153,514	133,637
Net cash flows from operating activities	18	13,299	2,152	925	13,299	925
Cash flows from investing activities						
Purchases of intangible assets		(2,075)	(3,790)	(1,867)	(2,075)	(1,867)
Purchase of land and buildings, plant and equipment, infrastructure		(145)	(50)	(238)	(145)	(238)
Net cash flows from investing activities		(2,220)	(3,840)	(2,105)	(2,220)	(2,105)
Net increase/(decrease) in cash		11,079	(1,688)	(1,180)	11,079	(1,180)
Opening cash and cash equivalents		5,520	7,053	6,700	5,520	6,700
Closing cash and cash equivalents	6	16,599	5,365	5,520	16,599	5,520

* Includes payment to the OEHL 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 2015

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

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

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

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

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

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

These consolidated financial statements for the year ended 30 June 2015 have been authorised for issue by the Chair and Chief Executive Officer, EPA on 10 September 2015.

(b) Basis of preparation

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

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

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

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

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

(c) Statement of compliance

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

(d) Administered activities

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

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

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

(e) Insurance

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 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 and
- 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) Grants and contributions

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

However unspent appropriations are recognised as liabilities rather than grant income, as the authority to spend the money lapses and the unspent amount must be repaid to the consolidated fund, via the principal department.

(ii) Sale of goods

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

(iii) Rendering of services

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

(iv) Investment revenue

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

(h) Assets

(i) 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 (k)).

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

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

(ii) Capitalisation thresholds

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

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the “Valuation of physical non-current assets at Fair Value” Policy and guidelines paper TPP 14-01. This policy adopts fair value in accordance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment. Refer to Note 8.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer note 10 and note 20 for further information regarding fair value.

The entity revalues each class of property, plant and equipment at least every three 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 2015 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. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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

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

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

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

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

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

(iv) Impairment of property, plant and equipment

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

(v) Depreciation of property, plant and equipment

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

(vii) Maintenance

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

(viii) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and 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 recognised as an expense on a straight-line basis over the lease term.

(ix) Intangible assets

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

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

Software

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

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

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

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

(x) Loans and receivables

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

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

(xi) Impairment of financial assets

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

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

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

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

(xii) Derecognition of financial assets and financial liabilities

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

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

Where EPA has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of 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 EPA and other amounts. Payables are recognised initially at fair value, usually based on

the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Financial Guarantee

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

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

EPA has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2015 and at 30 June 2014. However, refer Note 16 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 twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach using nominal annual leave plus annual leave on the nominal liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. 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

EPA's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. 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 15-09) to employees with five or more years of service, using current rates of pay. These factors were determined on an actuarial review to approximate present value.

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

(c) Consequential on-costs

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

(j) Fair value hierarchy

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

Level 1 – quoted prices in active markets for identical assets / liabilities that EPA can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 – inputs that are not based on observable market data (unobservable inputs).

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

Refer note 10 and note 20 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 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) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of

functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 17.

(m) 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.

(n) New Australian Accounting Standards issued but not effective

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

The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 15/03):

- AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments
- AASB 14 and AASB 2014-1(Part D) regarding Regulatory Deferral Accounts
- AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers
- AASB 1056 Superannuation Entities
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 regarding sale or contribution of assets between and investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012–2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-3 regarding materiality

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.

(o) Effective for the first time in 2014–15

The accounting policies applied in 2014–15 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2014–15. The standards are as follows:

- AASB 13 Fair Value Measurement. AASB 13 aims to improve consistency and reduce complexity and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. No differences were found in the valuation approach and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 13.

Adoption of revised AASB 13 required additional disclosures in the financial

statements. This requirement classifies fair value measurement of non-financial assets into 3 levels and explains the valuation techniques and reconciliation for level 3 assets.

- AASB 1055 Budgetary Reporting. Disclosure in Note 17 made in accordance with this standard provide users with information relevant to assessing performance of EPA, including accountability for resources entrusted to it.

Above changes are adopted in these financial statements.

(p) Revision of estimates

As a result of a recent actuarial valuation of long service leave performed by Treasury's actuary (NSWTC 15-09), EPA has adjusted the defined benefit superannuation on-cost as well as the defined contribution superannuation on-cost for 2014–15. The factor for defined benefit superannuation on-cost and for defined contribution superannuation on-cost is changed to 1.2% (2013–14: 2.4%) and to 3.8% (2013–14: 3.15%) respectively. The impact of the change in factors on 2014–15 financial statements is:

- Decrease in employee related expenses by \$91,889
- Increase in revenue (liabilities assumed by a Crown) by \$200,484
- An increase in provision by \$84,120 (current) and \$24,476 (non-current) for defined contribution superannuation on-cost.

2. Expenses excluding losses

(a) Employee related expenses and personnel services

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Salaries and wages (including annual leave)	47,831	42,936	–	–
Superannuation – defined benefit plans	1,155	1,224	–	–
Superannuation – defined contribution plans	3,844	3,120	–	–
Long service leave	3,337	3,745	–	–
Workers' compensation insurance	166	177	–	–
Payroll tax and fringe benefits tax	2,999	2,704	–	–
Other	432	501	–	–
Personnel services expenses	–	–	59,764	54,407
	59,764	54,407	59,764	54,407

(b) Other operating expenses

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Contractor – projects	2,296	1,082	2,296	1,082
Consultants	400	770	400	770
Maintenance*	326	351	326	351
Fees and services	14,157	12,573	14,157	12,573
Corporate support from OEH	11,211	11,796	11,211	11,796
Other specialist services from OEH	5,060	5,000	5,060	5,000
Payments to NSW Government agencies	1,265	722	1,265	722
Stores and minor assets	430	534	430	534
Fleet costs	1,008	993	1,008	993
Operating lease rental expenses (minimum lease payments)	1,695	1,666	1,695	1,666
Insurance	192	76	192	76
Information dissemination	2,868	1,549	2,868	1,549
Travel costs	1,268	1,068	1,268	1,068
Other occupancy costs	571	702	571	702
Training	710	637	710	637
Communication costs	357	318	357	318
Legal costs	493	438	493	438
Auditor's remuneration (audit or review of the financial statements)	50	47	50	47
Other	14	11	14	11
Expenses capitalised	(3)	(53)	(3)	(53)
	44,368	40,280	44,368	40,280

	2015 \$'000	2014 \$'000
* Reconciliation – total maintenance		
Maintenance expense – contracted labour and other (non-employee related), as above	326	351
Total maintenance expenses included in Note 2(b)	326	351

(c) Depreciation and amortisation expense

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Depreciation:				
Buildings and improvements	108	107	108	107
Plant and equipment	106	86	106	86
Furniture and fittings	43	42	43	42
	257	235	257	235
Amortisation of intangibles	167	29	167	29
	167	29	167	29
	424	264	424	264

(d) Grants and subsidies

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Federal Government	–	23	–	23
NSW Government	387	1,323	387	1,323
Local government	10,171	13,221	10,171	13,221
Waste Less Recycle More payments	17,200	17,200	17,200	17,200
Rebates	103	7	103	7
Non-government organisations	6,340	4,258	6,340	4,258
	34,201	36,031	34,201	36,031

3. Revenue

(a) Rendering of services

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Rendering of services:				
Minor fees & charges	469	425	469	425
Total	469	425	469	425

(b) Investment revenue

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Interest revenue from financial assets at fair value through profit or loss	640	823	640	823
	640	823	640	823

(c) Retained taxes, fees and fines

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Fees:				
Licensing administration fees	19,020	17,623	19,020	17,623
	19,020	17,623	19,020	17,623
Fines:				
Parking, court and other	53	14	53	14
Total	19,073	17,637	19,073	17,637

(d) Grants and contributions

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Funding was provided by the Commonwealth and State Governments together with private and corporate sponsorship as follows				
Federal Government	88	263	88	263
NSW Government – externally sourced funding	12,015	5,932	12,015	5,932
Local government	–	4	–	4
NSW Government – recurrent and capital funding	108,315	102,122	108,315	102,122
Non-government organisations	2,458	1,881	2,458	1,881
Total	122,876	110,202	122,876	110,202

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

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
The following liabilities and/or expenses have been assumed by the Crown Entity:				
Superannuation – defined benefit	1,155	1,223	–	–
Long service leave	3,061	3,523	–	–
Payroll tax on superannuation	56	63	–	–
Contributions by the Crown Entity	–	–	4,272	4,809
	4,272	4,809	4,272	4,809

(f) Other revenue

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Insurance recoveries	72	4	72	4
Miscellaneous revenue	894	501	894	501
	966	505	966	505

4. Gain/(loss) on disposal

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Written down value of current/non-current assets disposed of:				
Plant and equipment	(4)	–	(4)	–
Net (loss) on disposal	(4)	–	(4)	–

5. Service groups of the Environment Protection Authority

Service Group Environment Protection and Regulation

Service Description:	<p>Environment Protection Authority</p> <p>EPA delivers credible, targeted and cost-effective regulatory services for environmental protection. It implements market-based programs, provides audit and enforcement programs and emergency services designed to reduce environmental impacts. It works closely with industry and local government to encourage proactive compliance with environmental regulations and implementation of waste programs.</p>
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6. Current assets – cash and cash equivalents

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
For the purposes of the statement of cash flows, cash and cash equivalents include all of the following:				
Cash at bank and on hand	16,599	5,520	16,599	5,520
Closing cash and cash equivalents (as per statement of cash flows)	16,599	5,520	16,599	5,520

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:				
Cash and cash equivalents (per statement of financial position)	16,599	5,520	16,599	5,520
Closing cash and cash equivalents (per statement of cash flows)	16,599	5,520	16,599	5,520

7. Current assets – receivables

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Sale of goods and services	613	938	613	938
Accrued income	1,442	1,473	1,442	1,473
Prepayments	–	186	–	186
GST	1,223	1,118	1,223	1,118
Other receivables	2	27	2	27
	3,280	3,741	3,280	3,741

	2015 \$'000
Debts written off during the period	–
Balance at 1 July 2014	–
Amounts written off during the period	–
Balance at 30 June 2015	–

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 20.

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

Consolidated	Buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 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
At 30 June 2015 – fair value			
Gross carrying amount	5,444	2,447	7,891
Accumulated depreciation and impairment	(789)	(1,574)	(2,363)
Net carrying amount	4,655	874	5,529

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	Buildings \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2015			
Net carrying amount at start of year	4,773	880	5,653
Additions	–	146	146
Disposals	–	(4)	(4)
Net revaluation increment less revaluation decrements	(10)	–	(10)
Depreciation expense	(108)	(149)	(257)
Net carrying amount at end of year	4,655	874	5,529

Consolidated	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 prior reporting period is set out below.

Consolidated	Buildings \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2014			
Net carrying amount at start of year	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

9. Intangible assets

	Software \$'000	Total \$'000
Consolidated		
At 1 July 2014 – fair value		
Cost (gross carrying amount)	2,081	2,081
Accumulated amortisation and impairment	(198)	(198)
Net carrying amount	1,883	1,883
At 30 June 2015 – fair value		
Cost (gross carrying amount)	5,544	5,544
Accumulated amortisation and impairment	(1,388)	(1,388)
Net carrying amount	4,156	4,156
Consolidated		
Year ended 30 June 2015		
Net carrying amount at start of period (1 July 2014)	1,883	1,883
Additions	2,075	2,075
Acquisitions through administrative restructures – transfer from OEH	365	365
Amortisation (recognised in 'Depreciation and amortisation')	(167)	(167)
Net carrying amount at start of year	4,156	4,156

	Software \$'000	Total \$'000
Consolidated		
At 1 July 2013 – fair value		
Cost (gross carrying amount)	215	215
Accumulated amortisation and impairment	(169)	(169)
Net carrying amount	46	46
At 1 July 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		
Year ended 30 June 2014		
Net carrying amount at start of year (1 July 2013)	46	46
Additions	1,867	1,867
Amortisation (recognised in 'Depreciation and amortisation')	(29)	(29)
Other movements	(1)	(1)
Net carrying amount at end of year	1,883	1,883

10. Fair value measurement of non-financial assets

(a) Fair value hierarchy

2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 8)				
Buildings	–	–	4,655	4,655
Plant and equipment	–	874	–	874
Total	–	874	4,655	5,529

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 3 years. The last valuation for buildings was conducted in 2014–15. The fair value of Level 3 assets are adjusted annually for movement in relevant publicly available indexes. EPA engage 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

2015	Buildings \$'000	Total recurring Level 3 fair value \$'000
Fair value as at 1 July 2014	4,773	4,773
Revaluation increments/ decrements recognised in other comprehensive income – included in line item /Net increase / (decrease) in property, plant and equipment revaluation surplus'	(10)	(10)
Depreciation	(108)	(108)
Fair value as at 30 June 2015	4,665	4,665

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

(a) Fair value hierarchy

2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 8)				
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 3 years. The last valuation for buildings was conducted in 2014–15. The fair value of Level 3 assets are adjusted annually for movement in relevant publicly available indexes. EPA engage 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

2014	Buildings \$'000	Total recurring Level 3 fair value \$'000
Fair value as 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 as at 30 June 2014	4,773	4,773

11. Restricted assets

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current				
Contributions	8,250	83	8,250	83
Restricted cash	8,250	83	8,250	83

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

12. Current liabilities – payables

(a) Payables	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Accrued salaries, wages and on-costs	1,804	1,449	–	–
Creditors	4,888	2,935	4,888	2,935
Unearned revenue	10	–	10	–
Payable to the EPA Staff Agency	–	–	1,804	1,449
	6,702	4,384	6,702	4,384

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 20.

(b) Other	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Liability for unspent grant revenue (refer note 1 (g) (i))	97	–	97	–
	97	–	97	–

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 20.

13. Current/non-current liabilities – provisions

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current				
Employee benefits and related on-costs				
Recreation leave*	4,135	4,147	–	–
Recreation leave on-costs*	534	449	–	–
Long service leave on-costs**	2,222	1,926	–	–
Payable to the EPA Staff Agency	–	–	6,891	6,522
	6,891	6,522	6,891	6,522
Non-current				
Long service leave on-costs**	193	102	–	–
Payable to the EPA Staff Agency	–	–	193	102
	193	102	193	102
Total provisions	7,084	6,624	7,084	6,623
Aggregate employee benefits and related on-costs				
Provisions – current	6,891	6,522	–	–
Provisions – non-current	193	102	–	–
Accrued salaries, wages and on-costs (Note 12)	1,804	1,449	–	–
Payable to the EPA Staff Agency			8,888	8,073
	8,888	8,073	8,888	8,073

* The value of employee benefits and related on-costs expected to be paid after 12 months is \$184,976.12.

** EPA's liabilities for long service leave are assumed by the Crown Entity. However EPA has an obligation to meet the long service related on-costs.

14. Increase/decrease in net assets from equity transfers

Transfers of land and associated infrastructure to/from other agencies are detailed below.

	2015 \$'000
Transfer from Office of Environment and Heritage	365
	365

This represents transactions identified and recorded in the current year, which relate to a prior period (transfer of intangible assets relating to an administrative restructure from the Office of Environment and Heritage in 2012).

15. Commitments for expenditure

(a) Commitments for expenditure

	2015 \$'000	2014 \$'000
(a) Commitments for expenditure		
Capital commitments*		
Aggregate capital expenditure for the acquisition of plant and equipment contracted for at balance date and not provided for:		
Not later than one year	98	39
Total (including GST)	98	39

* Commitments above includes input tax credits of \$8938 that are expected to be recoverable from the Australian Taxation Office.

As at 30 June 2015, EPA did not have any leasing commitments (operating or finance).

16. 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 2015 there were no claims on the Treasury Managed Fund.

(b) Other claims

A civil law suit in regard to the seizing of records during an investigation where access to those records was disputed. Management is unable to determine the impact of this dispute as damages were claimed, the result of the civil law suit is expected to be known in 2015–16.

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

Other than the above, the EPA is not aware of any significant or material contingent liability in existence at 30 June 2015 or which has emerged subsequent to this date, which may materially impact on the financial position of the EPA as shown in the financial statements.

Contingent assets

There are no known contingent assets at balance date.

17. Budget review

Higher than budgeted net result was primarily due to:

- Variation in overall movement in total expenses was \$2.8 million, comprising changes in timing of projects (\$11.9 million), through external stakeholder delays (\$3 million), changes in operational expenditure priorities (\$5 million) and expenditure from additional grants received in the year (\$1.1 million)
- Other expenditure – balance of under expenditure against budget relates to the deferral of expenditure to forward years (\$0.5 million), after completion of supporting project milestones.
- Revenue – Additional revenue of \$5.5 million received from licensing administration fees revenue (\$0.9 million), grants received for projects (\$3.0 million) as well as an increase in Crown Entity acceptance of employee benefits (\$0.9 million).

Net assets:

- Major impact on net assets is the positive net operating result increasing cash at bank (\$11.2 million), an increase in receivables (\$0.9 million) with an increase in current liabilities/provisions (\$1.3 million).

Cash flows

- Actual cash: \$16.6 million: variation of \$11.2 million was primarily due to increased payments (\$3.0 million) and an increase in grants and other revenue received (\$14.2 million) with these funds carried over to 2015–16 to be spent.

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

	Consolidated		Environment Protection Authority	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Net cash from operating activities	13,299	925	13,299	925
Depreciation and amortisation	(423)	(264)	(423)	(264)
Increase/(decrease) in receivables	(461)	1,176	(461)	1,176
Decrease/(increase) in provisions	(460)	(588)	–	–
Decrease/(increase) in creditors	(2,420)	2,169	(2,880)	1,581
Net result	9,535	3,418	9,535	3,418

19(a) Administered assets, liabilities and income

	2015 \$'000	2014 \$'000
Administered assets		
Receivables	2,254	3,133
Allowance for impairment	(544)	(544)
Cash	5,146	822
Remittance clearing	(441)	550,020
Accrued income	8,524	4,543
Total administered assets	14,939	557,974
Administered liabilities		
Creditors	(4,793)	68
Total administered liabilities	(4,793)	68
Administered income		
Pollution licences and approvals	24,039	29,952
Radiation licences	2,018	1,637
Other fees and licences	218	309
Waste-related levies and fees	572,541	501,958
Coal wash levy	15,037	14,392
Waste levy rebates	(27)	(758)
Fines	882	641
Total administered income	614,708	548,131

Above receipts were collected by EPA on behalf of the Consolidated Fund. These are not included in EPA's statement of comprehensive income. They are brought to account as revenue in the Treasurer's Public Accounts.

19(b) Administered income – debts written off

	2015 \$'000	2014 \$'000
Debts written off	–	–
Total	–	–

20. Financial instruments

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. EPA does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

EPA's main risks arising from financial instruments are outlined below, together with EPA's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chair and Chief Executive Officer of the EPA has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify

and analyse the risks faced by EPA, to set risk limits and controls, and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee/Internal auditors on a periodic basis.

(a) Financial instrument categories

Financial assets	Notes	Category	Carrying amount 2015 \$'000	Carrying amount 2014 \$'000
Class:				
Cash and cash equivalents	6	N/A	16,599	5,520
Receivables*	7	Loans and receivables (at amortised cost)	2,057	2,437
Financial liabilities	Notes	Category	Carrying amount 2015 \$'000	Carrying amount 2014 \$'000
Class:				
Payables**	12	Financial liabilities measured at amortised cost	4,888	2,935

Notes

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

** Excludes statutory payables and unearned revenue (i.e. not within 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 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. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic

conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The EPA is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due is \$512,279 (2014: \$853,638) and not less than one month past due is \$8409 (2014: \$84,072) are not considered impaired. Together, these represent 85% of the total trade debtors. Most of the EPA’s debtors have a AAA credit rating. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past/due or impaired are ‘sales of goods and services’ in the ‘receivables’ category of the statement of financial position.

	Total*, **	Past due but not impaired*, ** \$'000	Considered impaired*, ** \$'000
2015			
< 3 months overdue	611	611	–
3 – 6 months overdue	–	–	–
> 6 months overdue	–	–	–
2014			
< 3 months overdue	84	84	–
3 – 6 months overdue	–	–	–
> 6 months overdue	–	–	–

* Each column in the table reports ‘gross receivables’.

** The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the ‘total’ will not reconcile to the receivables total recognised in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the EPA will be unable to meet its payment obligations when they fall due. The EPA continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. EPA’s exposure to liquidity risk is deemed insignificant based on prior periods’ data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may

automatically pay the supplier simple interest. The rate of interest applied during the year was 10.6% (2014 – 12.5%)

The table below summarises the maturity profile of 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
2015								
Payables		4,888	–	–	4,888	4,888	–	–
		4,888	–	–	4,888	4,888	–	–
\$'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	–	–
		2,935	–	–	2,935	2,935	–	–

* The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. 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 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 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

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

\$'000					
	Carrying amount	-1%		1%	
		Profit	Equity	Profit	Equity
2015					
Financial assets					
Cash and cash equivalents	16,599	(166)	(166)	166	166
Receivables	2,057	(21)	(21)	21	21
Financial liabilities					
Payables	4,888	49	49	(49)	(49)
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)

(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.

21. Events after the reporting period

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

End of audited financial statements

Section 6: Environment Protection Authority Staff Agency Financial Statements

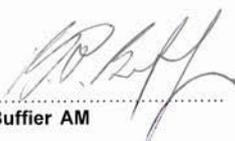
ENVIRONMENT PROTECTION AUTHORITY STAFF AGENCY

Financial Statements

For the year ended 30 June 2015

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

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



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Barry Buffier AM

Chair and Chief Executive Officer, EPA

10 September 2015



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Chris Knoblanche

EPA Board Member

10 September 2015



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 2015, 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 2015, 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 2015.

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

15 September 2015
SYDNEY

Beginning of audited financial statements

Environment Protection Authority Staff Agency

Statement of Comprehensive Income

For the year ended 30 June 2015

	Notes	Actual 2015 \$'000	Actual 2014 \$'000
Expenses excluding losses			
Operating expenses			
Employee related	2	59,764	54,407
Total expenses excluding losses		59,764	54,407
Revenue			
Personnel services	3		
Total revenue		59,764	54,407
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
 As at 30 June 2015

	Notes	Actual 2015 \$'000	Actual 2014 \$'000
Assets			
Current assets			
Receivable from EPA	6	8,888	8,073
Total current assets		8,888	8,073
Total assets		8,888	8,073
Liabilities			
Current liabilities			
Payables	4	1,804	1,449
Provisions	5	6,891	6,522
Total current liabilities		8,695	7,971
Non-current liabilities			
Provisions	5	193	102
Total non-current liabilities		193	102
Total liabilities		8,888	8,073
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 2015

	Notes	Accumulated funds \$'000	Total \$'000
Balance at 1 July 2014		–	–
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 2015		–	–
Balance at 1 July 2013		–	–
Net result for the year		–	–
Other comprehensive income:			
Total other comprehensive income		–	–
Total comprehensive income for the year		–	–
Balance at 30 June 2014		–	–

The accompanying notes form part of these financial statements.

Environment Protection Authority Staff Agency
Statement of Cash Flows
 for the year ended 30 June 2015

	Actual 2015 \$'000	Actual 2014 \$'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 statement for the year ended 30 June 2015

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 2015 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 EPA. The Staff Agency is consolidated with the EPA and is part of the NSW total State Sector Accounts.

Apart from employee related liabilities and provisions and corresponding receivable from the EPA, the Staff Agency does not have any other assets or liabilities under its control.

These financial statements were authorised for issue by the Chair and Chief Executive Officer, EPA on 10 September 2015.

(b) Basis of preparation

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

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

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

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

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

(c) Statement of compliance

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

(d) Income recognition

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

(i) Personnel services revenue

Revenue from EPA employee benefits and related on-costs is recognised in full when the services are provided.

(e) Assets**(i) Receivables**

Receivables are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

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

(ii) Impairment of financial assets

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

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

(f) Liabilities**(i) Payables**

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

(ii) Employee benefits and other provisions

The Staff Agency provides personnel services to the EPA.

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

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of an approach using nominal annual leave plus annual leave on the nominal liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Staff Agency has assessed the actuarial advice based on its circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

(b) Long service leave and superannuation

The Staff Agencies' liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Staff Agency accounts for the liability as having been extinguished give rise to not disclose "Acceptance by the Crown Entity Revenue" because EPA (not the Staff Agency) discloses these in their accounts.

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

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

(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 early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 15/03):

- AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments
- AASB 14 and AASB 2014-1(Part D) regarding Regulatory Deferral Accounts
- AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers
- AASB 1056 Superannuation Entities
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants
- AASB 2014-9 regarding equity method in separate financial statements

- AASB 2014-10 regarding sale or contribution of assets between and investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012–2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-3 regarding materiality

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

	2015 \$'000	2014 \$'000
Salaries and wages (including recreation leave)	47,831	42,936
Superannuation – defined benefit plans	1,155	1,224
Superannuation – defined contribution plans	3,844	3,120
Long service leave	3,337	3,745
Workers' compensation insurance	166	177
Payroll tax and fringe benefits tax	2,999	2,704
Other	432	501
	59,764	54,407

3. Revenue

Personnel services

	2015 \$'000	2014 \$'000
Personnel services to EPA	59,764	54,407
	59,764	54,407

4. Current liabilities – payables

	2015 \$'000	2014 \$'000
Accrued salaries, wages and on-costs*	1,804	1,449
	1,804	1,449

* 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

	2015 \$'000	2014 \$'000
Current		
Employee benefits and related on-costs		
Annual leave	4,135	4,147
Annual leave on-costs	534	449
Long service leave on-costs	2,222	1,926
	6,891	6,522
Non-current		
Annual leave	–	–
Long service leave on-costs	193	102
	193	102
Total non-current	193	102
Total provisions	7,084	6,624
Aggregate employee benefits and related on-costs		
Provisions – current	6,891	6,522
Provisions – non-current	193	102
Accrued salaries, wages and on-costs	1,804	1,449
	8,888	8,073

6. Current/non-current assets – receivables

	2015 \$'000	2014 \$'000
Current		
Receivable from EPA		
Accrued salaries	1,804	1,449
Employee provisions	7,084	6,624
	8,888	8,073
	2015 \$'000	2014 \$'000
Non-current		
Receivable from EPA		
Employee provisions	–	–
Total assets	–	–

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

	2015 \$'000	2014 \$'000
Net cash from operating activities	–	–
Increase/(decrease) in receivables	815	964
Decrease/(increase) in provisions	(460)	(588)
Decrease/(increase) in creditors	(355)	(376)
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 of the EPA has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Staff Agency, to set risk limits and controls, and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee and Internal auditors on a continuous basis.

(a) Financial instrument categories

Financial assets	Notes	Category	Carrying amount 2015 \$'000	Carrying amount 2014 \$'000
Class: Receivables*	6	Loans and receivables (at amortised cost)	8,888	8,073
Financial liabilities	Notes	Category	Carrying amount 2015 \$'000	Carrying amount 2014 \$'000
Class: Payables**	4	Financial liabilities measured at amortised cost	1,804	1,449

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

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

(b) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Staff Agency. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Staff Agency, including cash and receivables. No collateral is held by the Staff Agency. The Staff Agency has not granted any financial guarantees.

Credit risk associated with the Staff Agency's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Receivables – trade debtors

Receivables are restricted to accrued income for personnel services provided and employees leave provisions and are recognised as amounts receivable at balance date. The parent entity of Environment Protection Authority Staff Agency is the sole debtor of the Entity and it is assessed that there is no risk of default. No accounts receivables are classified as past due but not Impaired or 'Considered Impaired'. All trade debtors are recognised as amounts receivable at balance date. No interest is earned on trade debtors.

(c) Liquidity risk

Liquidity risk is the risk that the Staff Agency will be unable to meet its payment obligations when they fall due. The Staff Agency continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The Staff Agency's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was 10.6% (2014 – 12.5%).

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

	Weighted average effective interest rate \$'000	Nominal amount* \$'000	Interest rate exposure			Maturity dates		
			Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000	< 1 year \$'000	1–5 years \$'000	> 5 years \$'000
2015								
Payables		1,804			1,804	1,804		
		1,804			1,804	1,804		
	Weighted average effective interest rate \$'000	Nominal amount* \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000	< 1 year \$'000	1–5 years \$'000	> 5 years \$'000
2014								
Payables		1,449	–	–	1,449	1,449	–	–
		1,449	–	–	1,449	1,449	–	–

* 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 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

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

	Carrying amount	-1%		1%	
	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2015					
Financial assets					
Receivables	8,888	(89)	(89)	89	89
Financial liabilities					
Payables	1,804	18	18	(18)	(18)
2014					
Financial assets					
Receivables	8,073	(81)	(81)	81	81
Financial liabilities					
Payables	1,449	14	14	(14)	(14)

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost.

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

Related parties

The Environment Protection Authority is deemed to control the Environment Protection Authority Staff Agency in accordance with Australian Accounting Standards.

Transactions and balances in these financial statements relate only to the Entity's function as provider of personnel services to the controlling entity. The Entity's total income is sourced from the Environment Protection Authority.

Cash receipts and payments are effected by the Environment Protection Authority on the entity's behalf.

9. Events after the reporting period

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

End of audited financial statements

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¹ Correction: Page 10, the note to the table showing the average remuneration of senior executives – The phrase '(8.76% in 2013–14)' was added following the presentation of this annual report to the NSW Parliament in November 2015 in order to allow comparison with 2014–15.

² Correction: Page 43, in the second key achievement in responsive incident management – the figure 170 was corrected to 226 following the presentation of this annual report to the NSW Parliament in November 2015.

³ Correction: Page 71, the note to the table showing areas of risk and related insurance costs – the word 'reduction' was replaced with 'increase' following the presentation of this annual report to the NSW Parliament in November 2015 in order to reflect a rise in insurance costs.