



Year Two

Change-ready and facing the challenges

EPA Annual Report 2012-2013



EPA's vision is a healthy
environment that
supports a liveable and
prosperous Victoria.

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1. ABOUT EPA VICTORIA

Our Vision

A healthy environment that supports a liveable and prosperous Victoria.

Our Commitment

EPA is passionately committed to protecting Victoria's environment to meet the needs of current and future generations.

Our Role

Our role is to be an effective environmental regulator and an influential authority on environmental impacts.

EPA Victoria is part of the Victorian Government's environmental portfolio and reports to the Hon. Ryan Smith MP as Minister for Environment and Climate Change. The responsible minister for the reporting period 01 July 2012 to 30 June 2013 was the Hon Ryan Smith MP, Minister for Environment and Climate Change. EPA is an administrative office of the Department of Environment and Primary Industries (DEPI) with independent statutory functions.

The Act defines EPA's powers, duties and functions, and provides a framework for the prevention and control of air, land and water pollution, industrial noise and waste management.

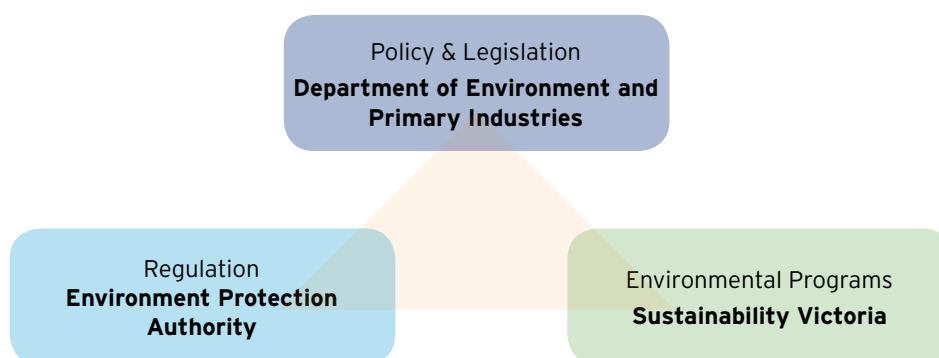
EPA works across Victoria. Its central office is located at 200 Victoria Street, Carlton. EPA's Centre for Environmental Sciences is located in Macleod. Regional offices are located in Bendigo, Dandenong, Geelong, Traralgon and Wangaratta.

EPA works closely with DEPI and with Sustainability Victoria (SV) to develop environment protection policy and legislation and to deliver programs that support environmental improvements.

EPA works closely with other Victorian Government departments to achieve better environmental outcomes and enable economic development. This includes the Department of Transport, Planning, and Local Infrastructure (DTPLI), the Department of State Development, Business and Industry (DSDBI) and the Department of Health.

The 1 July 2012 to 30 June 2013 EPA Annual Report reports against the objectives of the 2012-13 Annual Plan and delivers on EPA's 5-Year Plan.

Figure 1.1: EPA's partners within the environmental portfolio.



2. CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

In 2012-13 EPA finished several important projects in our ongoing transformation into a modern regulator striving to deliver a healthy environment that supports a liveable and prosperous Victoria.

We aim to achieve clean air, safe land, healthy water and minimal disturbances from noise and odour for Victorians. EPA's primary role has always been to ensure effective environmental regulation. Three years into our reforms and, as forecast, we have significantly improved a number of our regulatory actions and increased our regulatory activity. Delivering our compliance and enforcement review recommendations has allowed us to substantially improve our internal processes. This will ensure we continue to drive regulatory cultural change across the organisation.

A highlight of the year was the reauthorisation program of our highly skilled Authorised Officers. Over 70 of EPA's Authorised Officers completed the competency-based training, culminating in a celebration of their success at Parliament House. The reauthorisation program illustrated our commitment to excellence in protecting the environment. While it required substantial time and resources to achieve, the communities and businesses that interact with our Authorised Officers can be confident they will continue to provide consistent and equitable treatment regardless of which officer is assigned to the task.

Crucial to our continued change is a focus on improving governance, and organisational culture. This has included the delivery of our Business Services Reform (IBIS), which is a major investment in our information technology and systems. The project reviewed and consolidated a significant number of our databases into one. It incorporates 58 regulatory processes from licensing and approvals, to waste management, compliance and enforcement into the one system. We are already seeing benefits from such a major change in how we operate.

We are also supporting the Victorian economy. We do this both in Victoria, and by supporting and leading international delegations to China, Southeast Asia and India. A highlight was our lead role in supporting local cleantech companies in the Ganga Project in India, which focuses on tannery waste being released into the Ganges River. We have been instrumental in introducing a number of Victorian water treatment specialists to the mission to support various aspects of the project. It is a reminder of the impacts faced by communities when pollution control does not happen to the level needed to protect both human health and the environment.

We continue to pursue the government's policy of reducing red tape to support growth in Victoria, as part of our ongoing commitment to strengthening the economy. To this end, the Minister's *Statement of Expectations* for EPA sets performance targets for 2013-14 for works approvals, emergency approvals, 'clean up to the extent

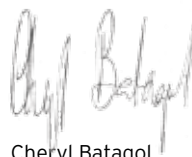
practicable' (CUTEP) decisions, and environmental auditor appointments. We also continue to contribute to the broader role and outcomes of government through our work in the context of the Government's *Environmental Partnerships* vision and the internally committed DEPI / EPA / SV Portfolio Strategy. This has seen us support DEPI to develop the *Getting Full Value: the Victorian Waste and Resource Recovery Policy* and *A Cleaner Yarra River and Port Phillip Bay A Plan of Action*.

One of the biggest challenges we face in helping the Victorian community to shape the urban landscape are issues associated with contaminated environments. It's a complex issue, often decades in the making. We now have a strategy on how we will review, prioritise and address these sites. Despite the fact that it will, in many cases, take years to fix these historical sites, we now have a systematic approach to make these changes. One that is transparent for land owners and the public, and will support development in Victoria, therefore achieving a greater level of success.

Victoria continues to have pollution issues, and we have continued our focus on our known 'hot spots'. Some of these are communities highly impacted by dust and odour including Brooklyn, Killara, and the Clayton and Dingley areas. We are committed to working with the community, business, local government and other agencies to resolve these issues. We also need to support others to make further improvements that need to happen to make the suburbs acceptable to the communities. The work that we have done so far has seen a substantial drop in odour reports from Clayton, Dingley and Brooklyn over the last 12 months.

The release of our *Environmental Citizenship Strategy* represents another important milestone for us this year that influences how we operate and what outcomes we will strive for. Our first restorative justice conference was held with the residents of the Dandenong area to support an Enforceable Undertaking with SITA for their Hallam Road landfill operations. Restorative justice is an innovative program that works with affected communities and businesses and encourages them to partner with EPA to protect and restore the environment. The conference resulted in changes to the enforceable undertaking that reflected what the community wanted. We will continue to adopt and embed this approach in the way that we operate as a modern regulator.

Overall, we are proud of what we have achieved over the first two years of our *5-Year Plan*, and look forward to continuing the exciting journey towards fully delivering that Plan in 2016.



Cheryl Batagol



John Merritt

3. GOVERNANCE

Chairman

The role of the Chairman is to set the standards and strategic direction for EPA, liaise with stakeholders and monitor the organisation's performance. Cheryl Batagol provides counsel on contentious statutory decisions and is responsible for overseeing matters such as EPA's governance and risk management arrangements, compliance with statutory requirements and delegated statutory decision-making. All statutory decisions are delegated to the CEO.

Cheryl Batagol has more than 40 years' experience in environmental leadership. She brings to the role her experience with numerous government boards, and is a Member of Sustainability Victoria as well as Chair of the CRC for Water Sensitive Cities. She is a former Chair of Melbourne Water.

Cheryl Batagol commenced at EPA in September 2009.

Environment Protection Board

The Environment Protection Board is comprised of three members – a president and two others appointed by the Governor-in-Council on the recommendation of the Minister.

The Board was established under section 8 of the *Environment Protection Act* (EP Act). It is an advisory board on matters such as administration, policies and strategic direction, not a board of governance as in typical corporate settings or other statutory authorities. The Board is not accountable for EPA activities or operations. Members are independent, non-executive directors, appointed on a part-time basis for up to three years, and are eligible for reappointment.

During the reporting period, initial board members were Mr Bob Welsh (President), Ms Diane James and Mr Mike Waller.

A new three member Board was established on 28 August 2012. Mr Bob Welsh was reappointed as President, with Anne Dalton and Ross McCann appointed as new Board members.

Environment Protection Board president

Mr Bob Welsh has served as Environment Protection Board President since his appointment in May 2006.

Mr Welsh is Executive Director of Sustainability Advisers, a strategic advisory firm to business and the not-for-profit sector. He was formerly founding Chief Executive of VicSuper Pty Ltd, Director of VicSuper Subsidiary Ecosystem Services Pty Ltd, inaugural Chairman of Sustainability Victoria and founding Chairman of The Investor Group on Climate Change Australia and New Zealand. He was formerly the director of the Victorian Finance Authority and the Victorian Funds Management Corporation.

He is a director of Ecotrust Australia, and a former independent director of PEAK Adventure Travel Group. He has a bachelor's degree in economics and politics and a diploma in financial planning, and is a chartered accountant and a Member of the Institute of Chartered Accountants Australia.

Environment Protection Board members

Ms Anne Dalton

Ms Dalton is currently the Principal of Anne Dalton and Associates and has over 25 years' experience in public and private sector legal practice in government/administrative law, governance, procurement and probity. Ms Dalton also has over nine years of public sector, non-executive board experience including appointments to RMIT University (including Chancellor in 2010), the Victorian Government Purchasing Board and the Metropolitan Waste Management Group.

She has a Bachelor of Arts, Bachelor of Law and is a graduate of the Australian Institute of Company Directors. Ms Dalton has been appointed to the Sustainability Fund Advisory Panel.

Mr Ross McCann

Mr McCann is Chairman (and formerly Chief Executive) of Qenos Pty Ltd, President of the Plastics and Chemical Industry Association (PACIA) and is a member of the Sustainability Victoria Board.

Mr McCann has extensive experience in petrochemicals and mineral resources through his executive positions at ICI Australia and WMC Resources Pty Ltd. He has a Bachelor of Chemical Engineering (Hons) and is a Fellow of the Institute of Chemical Engineers.

EPA Risk and Audit Committee

The Risk and Audit Committee is an independent governance committee established in January 2011. The operations of the Committee are consistent with the Standing Ministerial Directions to the *Financial Management Act 1994*.

The role of the Risk and Audit Committee is to assist and advise the Chairman in overseeing the integrity of EPA's financial and risk management practices. This includes reviewing EPA's financial statements; internal and external audit functions; compliance with delegations, legal and regulatory requirements; assessing the processes for determining and managing EPA's key risk areas and appropriate risk management framework.

The Risk and Audit Committee is comprised of four independent members and reports to EPA's Chairman. In 2012-13 the independent members were Ms Merran Kelsall (Chair), Mr Stan Krpan, Mr Ian Coles, Mr Rob Hogarth and Ms Debra Russell. Mr Krpan stepped down from the Committee following the meeting held on 27 August 2012. Ms Debra Russell joined the Committee in November 2012.

EPA People and Culture Committee

EPA is undergoing a transformation in the way it operates. To deliver these changes requires new organisational capabilities, a new style of leadership, and a culture that supports and enables EPA to achieve its objectives and fulfil its responsibilities. The People and Culture Committee's role in the transformation is to provide strategic advice to the Chairman. This includes providing advice on the effectiveness of people development strategies; reviewing the culture change program; monitoring leadership development programs; and providing advice on trends and emerging issues in relation to people management.

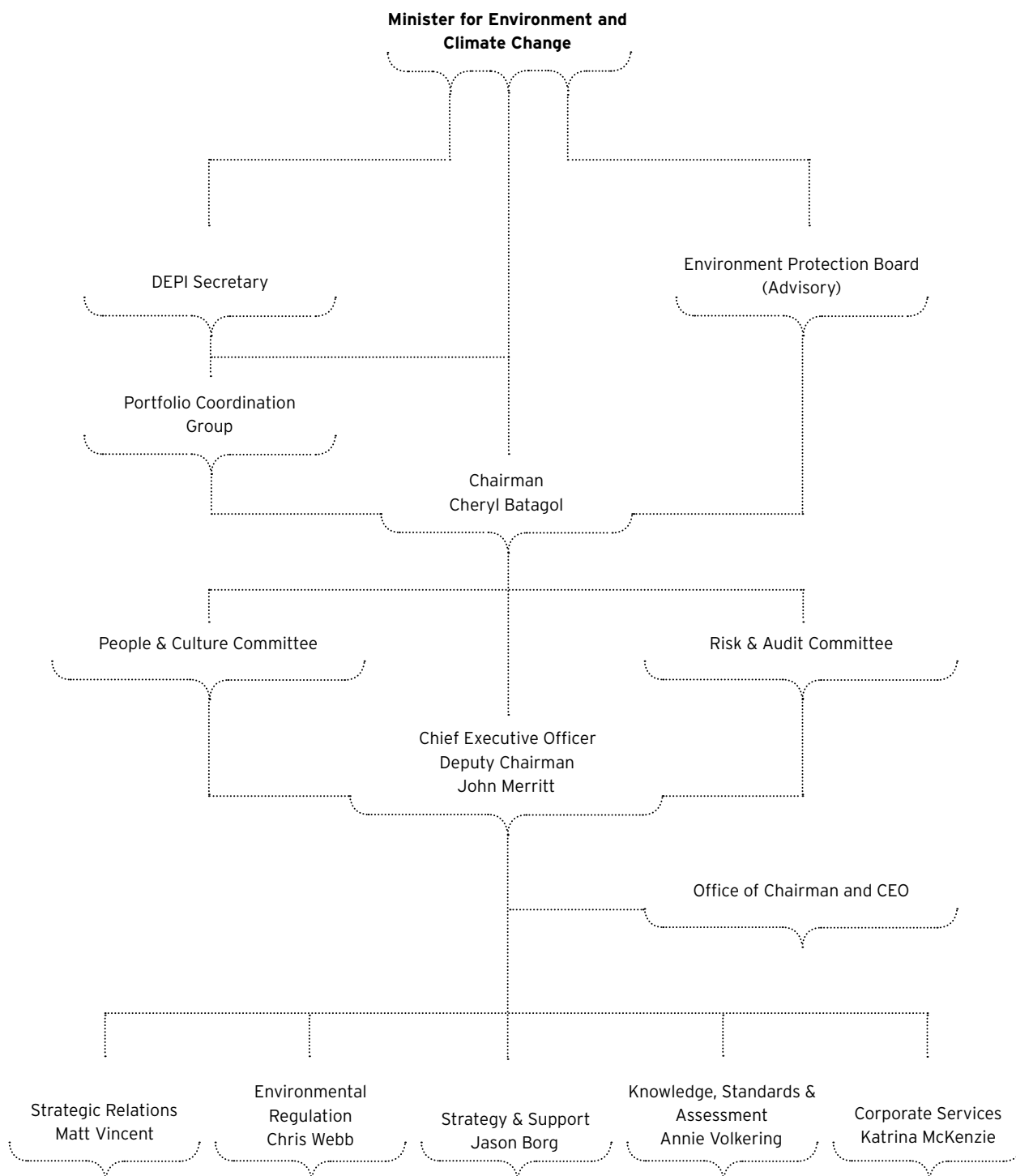
The committee is comprised of four independent members. In 2012-13 the committee members were Mr Rob Skinner (Chair), Ms Julie Catanach, Ms Kate McCormack and Mr Michael Ulbrick.

Table 3.1: Board and Committee attendance

Board / Committee	Number of meetings	Attendance at meetings
Environment Protection Board	5	Two members were absent from the April meeting. All members attended other meetings.
Risk & Audit Committee	6	All members attended each meeting.
People & Culture Committee	5	One member was absent from the February meeting, and one from the April meeting. All members attended other meetings.

Members were remunerated in accordance with the Appointment and Remuneration Guidelines for Victorian Government Boards, Statutory Bodies and Advisory Committees.

4. ORGANISATIONAL STRUCTURE



During 2012-13, EPA's executive management team comprised of the CEO and five directors. All directors occupy executive contract positions. Both the Chairman and the CEO advise the Minister, represent EPA within government more broadly and are responsible for building relationships with business and the community.

Mr John Merritt

CEO

John Merritt has been CEO of EPA since February 2010. The role of the CEO is to manage the day-to-day business operation of EPA in accordance with the law, the decisions of the Chairman and government policies affecting EPA. The CEO provides leadership and strategic management to the organisation. He also makes statutory delegated decisions, manages risk, makes financial and resourcing decisions and advises the Chairman on issues of management.

John Merritt is also Chair of the Australasian Environmental Law Enforcement and Regulators Network (AELERT) and a member of the Victorian Population and Prevention Advisory Board.

Ms Katrina McKenzie

Director Corporate Services

The Corporate Services directorate partners with the business to enable the effective operation of EPA and the delivery of its objectives. The directorate builds, maintains and continually improves EPA's corporate capabilities. It provides support and advice to shape and drive organisational efficiency and strategy. It focuses on improving our systems, processes and governance. Service areas support enterprise-wide governance and currently include EPA's legal services, corporate strategy and risk, finance, technology and business services reform.

Katrina McKenzie acted as *Director Environmental Regulation* from July 2012 to February 2013

Mrs Melanie Turner

Director Corporate Services, Acting (July 2012 to November 2012)

Mr Joe Groher

Director Corporate Services, Acting (November 2012 to February 2013)

Mr Matt Vincent

Director Strategic Relations

The Strategic Relations directorate supports programs across EPA and brings together all the disciplines that coordinate its internal and external relationships. This supports a consistent approach to engaging with the Victorian community, Government and industry, and enables EPA to engage and work collaboratively with a diverse range of stakeholders. The directorate also delivers EPA's customer service, coordinates EPA's contribution to major infrastructure projects, and supports management of complex and high-risk projects. It also develops and, where appropriate, implements targeted programs for priority areas such as litter prevention.

Mr Chris Webb

Director Environmental Regulation

The Environmental Regulation directorate is responsible for driving environmental improvement and adherence to law through undertaking comprehensive, consistent and transparent regulatory activities across the state. EPA's regional offices and major investigations team are included within this directorate. It delivers proactive and targeted compliance and enforcement programs, and pollution and emergency response services. These activities are supported by monitoring programs, and major investigations into breaches of the law.

Chris Webb worked off-line on the implementation of the new business system to ensure the best operational support and knowledge was available for the project from July 2012 to February 2013.

Mr Jason Borg

Director Strategy and Support

The Strategy and Support directorate leads EPA's reform, improvement and quality assurance of operational processes and systems. It works across the organisation, and in partnership with key internal and external stakeholders, to develop strategies and provide solutions to tackle defined environmental issues. It is responsible for the effective management and implementation of the Environmental Audit System. It also delivers EPA's key regulatory programs to ensure businesses and individuals with obligations meet their compliance requirements.

Mr Tim Eaton

Director Strategy and Support, Acting (July 2012 to September 2012)

Ms Annie Volkering

Director Knowledge, Standards and Assessment

The Knowledge, Standards and Assessment directorate gathers and synthesises information, science and knowledge. It establishes standards and supports EPA's decisions as an effective regulator and influential authority. It also collects and interprets evidence about environmental impacts and prioritises action in response to key trends and threats. It gathers and synthesises information EPA needs, identifying and filling priority gaps, and uses this evidence to establish environmental standards and requirements. It then applies these standards and requirements, and other evidence, to assess the impacts of proposed activities and developments, and, where appropriate, provides relevant approvals or advice.

5. ABOUT THIS REPORT

This Annual Report documents the performance of EPA Victoria for 2012-13, against the 2012-13 Annual Plan.

All source material, along with EPA's previous Annual Report (2011-12), can be found on EPA's website at **www.epa.vic.gov.au**.

The Victorian Auditor-General's Office has independently audited the financial report and concluded it presents fairly, in all material aspects, the financial position of the Environment Protection Authority as at 30 June 2013.

For further information on the 2012-13 Annual Report contact EPA Victoria on **1300 EPA VIC** or visit **www.epa.vic.gov.au**.

External commitments

The report adheres to the Global Reporting Initiative (GRI) G3 guidelines.

In 2012-13 EPA Victoria is reporting against the Global Reporting Initiative (GRI) framework for the third year. GRI provides a framework to measure, track, report on and compare economic, environmental and social performance. The GRI is a network-based organisation that produces a comprehensive sustainability reporting framework that is used globally.

The GRI disclosure index is on page 90-93 . EPA is reporting at C level for 2012-13.

Cheryl Batagol

During the reporting period Cheryl Batagol was a member of Sustainability Victoria and was appointed as inaugural Chair of the Cooperative Research Centre (CRC) for Water Sensitive Cities.

John Merritt

John Merritt is also Chair of the Australasian Environmental Law Enforcement and Regulators Network (AELERT) and a member of the Victorian Population and Prevention Advisory Board.

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT

EPA focus for 2012-13: Reporting against the Corporate Plan

EPA's vision for 'a healthy environment supporting a liveable and prosperous Victoria' was born out of the 5-Year Plan 2011-2016, which aims for clean air, healthy water, safe land and minimal disturbances from noise and odour. The end of 2013 marks the plan's second year.

To be a modern, effective regulator EPA must be:

- an influential authority on environmental impacts
- clear, consistent and transparent
- inclusive, targeted and authoritative.

To achieve this, in 2011-12 EPA focused on 26 initiatives to improve internal and external services. The majority of these reforms have now been completed. These initiatives are being embedded into the organisations processes and the Victorian community should begin to feel a difference in their interactions with EPA. The 26 initiatives are outlined in the *EPA 2011-12 Annual Plan*. Seven initiatives were completed in 2011-12 and a further 15 were completed or in close-out this year.

1. Approvals Review implementation to be carried out in 2013-14
2. Business Services Reform
3. Community Engagement and (Environmental) Citizenship Strategy
4. Expertise Framework
5. Finance Reform
6. Financial Assurance Reform
7. Industry Engagement Strategy
8. Information Management Action Plan
9. Leadership Development Program
10. Licence Reform
11. Local Government and Co-regulators Strategy
12. National and State Harmonisation on Priority Issues
13. Research and Development Strategy (available on EPA's website)
14. Reward and Recognition Strategy
15. Website Redevelopment

The Portfolio Strategy

This strategy saw the Environmental Policy division of DEPI, together with SV and EPA, combine their strategic and corporate plans and link this into the Government's *Environmental Partnership* vision. The Portfolio Strategy focuses on seven priorities:

- Integrated Waste Management
- Contaminated Environments
- Resource Efficiency
- Water Quality
- Air Quality
- Noise and Odour
- Climate Change

Victoria's environment in 2012-13

Air

Victoria's air quality was generally good. Air quality standards and goals were met for ozone, carbon monoxide, sulfur dioxide and nitrogen dioxide. Standards were not always met for PM2.5 and PM10. The advisory standards for PM2.5 particles were met except for the annual standard at a roadside site in Yarraville due to local traffic sources.

Traralgon in the Latrobe Valley recorded no days above PM10 levels. On the flip side, however, the Port Phillip Region failed to meet the air quality standard for PM10 particles for six days, with one air monitoring site exceeding it for three of those six days. In addition, there were a number of days when visibility fell short in Port Phillip and the Latrobe Valley.

Water

This year's lack of rain resulted in minimal impacts on Victorian waterways as it reduced the volume of sediment, nutrients and other contaminants from catchments into waterways. However, the weather also resulted in some wetlands drying out, causing fish deaths. Despite Victoria's stream health remaining stable, many of Victoria's catchments failed to meet the water quality and biological objectives of the *State Environment Protection Policies* (SEPP). This was particularly so with metropolitan streams subject to urban impacts. In addition, the occasional high rainfall and storms led to stormwater and pollution flowing into the Yarra and Port Phillip Bay (see Beach Report) impacting recreational water quality. The conditions also resulted in nutrients, sediments, contaminants and bacteria entering Port Phillip Bay and the Gippsland Lakes, contributing to algal blooms.

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

Beach Report

EPA Beach Report runs over summer and forecasts water quality at 36 Port Phillip Bay beaches. It provides a rating of good, fair, poor or unacceptable and is updated online twice a day. It runs from the first day of summer to the March Labour Day weekend and is based on predicted and current weather conditions, historical beach monitoring data (e.g. the beach's proximity to a drain), weekly samples, and pollution and other events like algal blooms and fish kills.

EPA also takes weekly bacterial water quality samples from each beach to get a longer-term water quality picture. These are analysed for *Enterococci*, a particular bacteria found in the stomach of mammals. Unsafe levels result in an 'unacceptable' water quality warning that is posted on EPA's website, on Twitter and distributed through the media. This information is also provided to the council responsible for the beach to install signage at the affected beach. In most cases water quality returns to normal 24-48 hours after rainfall.

Water quality at Victorian beaches

Eighty-eight per cent of weekly water quality samples at the 36 Port Phillip Bay beaches monitored during fine weather came up 'safe'. Interestingly, despite a drier than average summer across Melbourne and the surrounds, 14 'unacceptable' (unsuitable for swimming) water quality alerts were issued compared to only eight last year. Most were issued during December's and February's heavy rain.

The best beaches were Sorrento, Seaford, Carrum, Eastern, Portarlington and St Leonards.

There were 128,197 page views on EPA's website and 386 twitter followers using the Beach Report.

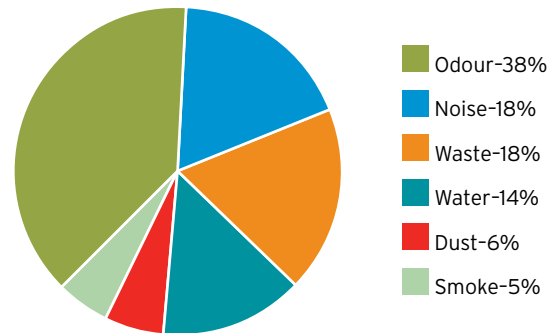
With Melbourne's mercury sweltering at 41° and sewer spills at Half Moon Bay and Portsea beach, the highest number of page views (6,144) happened on 4 January.

Noise, odour and land

Community - EPA eyes and ears for reporting pollution

Communities are intrinsic to EPA's work. Over the year EPA received 12,094 pollution reports, an increase from last year. The main types of pollution reported have been odour, noise and waste. Odour continues to be a key area of focus for EPA, with a significant number of odour reports coming from known affected communities. EPA has continued to work with industry and community to improve the situation. Details on these are available on pages 13-19.

Figure 6.1 Pollution Reports Received



Outcomes of the Social Research Program

Tracking the difference EPA is making for Victorians

According to EPA's Outcomes Social Research something as simple as returning a phone call after receiving a pollution report is crucial for people to see EPA as successfully fulfilling its role. EPA is expected to be accessible and responsive. In fact, not returning calls is the single biggest determinant of EPA customer satisfaction. Recognising that every interaction makes a difference is a focus area in EPA's customer service and stakeholder engagement strategy. Analysis of results showed that bad customer experiences, like not returning calls, not only impact on perception of EPA's performance as an effective regulator but also EPA's standing as an environmental authority and role as an 'evidence based decision-maker'. The survey also found the most satisfied customers were those who saw EPA as a trusted information source. Other influential factors included the outcome of their call, whether the person they spoke to was knowledgeable, and whether EPA followed up with information on how their matter was progressing.

Working together to reduce red tape and support the Victorian economy

EPA has undertaken many red tape reforms as part of the Victorian Government's red tape reduction program. To date EPA has contributed to red tape savings of \$15.5 million per year. In October 2011, the Victorian Government announced a revised target of \$715 million reduction in red tape costs per annum for businesses by July 2014.

In 2013, the Minister issued a reducing red tape *Statement of Expectations* to the EPA. Further information on the *Statement of Expectations* is available on EPA's website. EPA has two key reforms underway, which will help it achieve the targets in the Statement. These are the Approvals Reform and the Audit Reform.

Approvals Review and Reform

The Approvals Review was a transformation initiative and the implementation of the reform is now a key part of delivering on the *Statement of Expectations*, for reducing red tape.

The review examined processes around works approvals; licence approvals; research, demonstration and development approvals; and emergency or commissioning approvals to create a streamlined, transparent, fair and predictable works approval system. An implementation team is delivering the approval reforms, many of which are well underway with most expected to be in place by early 2014.

For the first time, people will see a report on EPA's performance against the Victorian Government's timeline targets for approval processes. EPA will also show what exemptions have been made, and why. This reflects EPA's determination to be a modern regulator, using a risk-based approach to optimise work. The Approvals Review final report is available online.

Environmental Audit Reform

In March, EPA began a series of projects aimed at improving the Environmental Audit System, which is aimed at better management of contaminated environments on a risk basis. These reforms follow reviews of the Environmental Audit System by the Victorian Auditor General, the Potentially Contaminated Land Advisory Committee, and the Victorian Competition and Efficiency Commission.

The aim is to make the system more efficient, reduce red tape and match EPA's workload to resources by establishing an environmental audit framework that clearly outlines guidelines and protocols. So far the program has clarified EPA's risk appetite in managing the Audit System; eliminated the backlog of risk-of-harm audit reviews; and begun streamlining the process for the future.

Importantly, this risk-based approach will not reduce EPA's role in environmental protection and should not impact public confidence in the system. EPA will continue to appoint independent, qualified auditors by selective reviews of audits and auditors' performance.

The objectives of the reforms align well with the strategic priorities of the EPA, the Victorian Governments *Securing Victoria's Economy*, and the *Statement of Expectations*.

Supporting the Victorian cleantech industry overseas

EPA has been integral in the organisation and participation in Victorian Government-led trade missions to China, India and Indonesia, and even provided Saudi Arabia with management waste expertise.

A great outcome from these missions has been partnerships formed to deliver a project addressing industrial pollution in the Ganges River Basin in India. Victorian cleantech consulting company, Earth Systems, has partnered with DEPI, SV and EPA to deliver a technical solution and implementation road map for the tannery industry in Kanpur, India. 'The Cleaner Production for the Ganges River Basin' is a Public Sector Linkages Program initiative funded through AusAid. This project originated from the first Cleantech mission to India and was highlighted at the cleantech roundtable in Mumbai during the State Trade Mission (STM) to India, February 2013. The World Bank has established a fund of US\$1 billion to support the clean up of the Ganges River, and this early involvement is a great opportunity for Victorian businesses. It is envisaged that the successful outcomes of this work will be replicated in other parts of the Ganges Basin, and will open doors to future opportunities for Victorian cleantech companies to support the clean up of pollution along the Ganges River: a project that will run for decades.

A number of partnerships have also been established or strengthened through visits with ministers and agencies including the Environmental Protection Department of Hunan Province China, the Environment Protection Department of Jiangsu Province China, and the Gujarat Pollution Control Board in India. These partnerships have been formalised through Memorandums of Understanding, where staff exchange programs and ongoing information exchange support enduring relationships. The Cleantech industry has particularly valued these partnerships, which have already stimulated cooperation and mutual understanding through personnel exchanges, and continue to provide the best avenue for companies connecting with appropriate markets in China and India.

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

Deal with past pollution

This year we furthered our Deal with Past Pollution commitment. The *Contaminated Environments Strategy* clarifies how we'll deal with key problems, causes and possible solutions, and outlines our use of the Contaminated Environments Risk Ranking Assessment (CERRA) to prioritise sites according to risk. Staff training has begun and we will review and refine the strategy as we progress. We have also begun work with DEPI and DTPLI on Victoria's contaminated environment policy.

Working with the Victorian Competition and Efficiency Commission we've reviewed the Environmental Audit system to ensure a risk-based approach. From there, we launched the Environmental Audit Reform program looking at risk appetite, the management and the appointment of auditors, CUTEP decision making, audit levels/triggers, communication and streamlining procedures, guidance and more.

Jason Borg
Director Strategy and Support

Contaminated sites

In February EPA released its *Contaminated Environments Strategy* (publication no. 1511). This outlines how EPA will manage sites where activities before 2010 were either likely to or did contaminate land, groundwater or surface water.

The strategy is focused on achieving:

- Less environmental impact of historical contamination.
- A clear understanding by stakeholders of EPA's roles and responsibilities in managing contaminated environments, and how these relate to or differ from other similar government organisations.
- Contaminated environments more readily cleaned up with a focus on those posing the greatest risk.
- A greater understanding of, and better access to, information on managing and locating contaminated environments.
- A clear and transparent EPA process for identification, prioritisation and management of contaminated environments.
- A more transparent, consistent approach by EPA in the use of its regulatory tools.

EPA is also partnering with the DEPI and DTPLI to review the policy and regulatory framework for contaminated environments.

Contaminated Environments Risk Ranking Assessment (CERRA)

EPA worked with EPA South Australia to adapt their risk tool to develop EPA's CERRA tool to Victoria's needs. Using CERRA EPA has risk-ranked over 200 sites on EPA's priority sites register, a list of all notices related to contaminated land, including key legacy contaminated sites. The remaining sites on the register (approximately 100) are to be assessed in 2013-14.

Groundwater-Quality Restricted Use Zones

EPA is in the process of facilitating better access to information on the location of Groundwater Quality Restricted Use Zones' (GQRUZ) in Victoria. To improve accessibility, EPA has collaborated with various government departments to produce publically available maps and tailored communications for affected property owners.

Inspecting sites on the Priority Sites Register (PSR)

EPA undertook 138 inspections on known contaminated sites to compare compliance and the progress of site remediation against existing notices, and issued new notices where required. The value of this work is ably demonstrated at the former Caltex service station site in Blackburn, which after many years of inactivity is now at an active remediation stage.

There was significant community concern about the Country Fire Authority (CFA) training facility at Fiskville. Following an independent enquiry about its environmental status and risk, EPA issued two statutory notices, which required an initial assessment and management of risks, focusing on identified high-risk areas. Both notices use statutory environmental audits, and a longer-term assessment of the wider site is scheduled.

In 2006 EPA successfully prosecuted Mobil for its Newport pipeline leak and EPA continues to manage the site to ensure land and groundwater poses no risk. EPA led a multi-agency approach to manage treated groundwater discharge and support further groundwater clean up.

Internally, EPA continues to build its expertise and experience by cross-regional work in inspecting and managing contaminated sites.

Tackling current environmental issues

The second key theme of the *5-Year Plan* is tackling current environmental issues. EPA outlined a three-pronged strategy:

1. Tackle pollution and ensure compliance using a risk-based approach.
2. Support planning and development decisions to prevent impacts.
3. Minimise impacts of resource use.

Tackling current pollution

In 2012-13 we better leveraged our field capability and took a risk-based approach to determine how to focus our efforts. Our Annual Compliance Plan (ACP) commits us to the resultant works with regular online reporting of our performance against the plan.

We made significant achievements in our Licensed Operator Risk Assessment (LORA) work at licensed sites, progressed the issue of post-closure Pollution Abatement Notices (PANs) for landfills now closed to waste, and have increased our compliance activity on over one third of our PSR sites. A number of unplanned projects were identified, prioritised and delivered.

Our pollution response risk model, combined with the clear plan for proactive work meant that, while we responded to more pollution reports than in previous years, the overall proportion of our work was reduced by half.

Importantly, executing the plan provided us with lessons in the structure and delivery of our activities, which we'll incorporate in the 2013-14 ACP.

Chris Webb

Director Environmental Regulation

Landfills

Managing the risks of closed landfills

The environmental risks associated with landfills occur for many years after the landfill is closed to waste. Without appropriate aftercare management, maintenance, monitoring and reporting, leachate and gas from closed landfills can continue to be an issue for a significant time. Knowing this EPA has focused on managing the risks of closed landfills, and has issued two new supporting PANs to 25 closed landfills, as an intermediate step. The next step will be issuing new post-closure PANs (PC PANs) EPA made some changes to the key requirements of PC PANs. Most importantly, the use of EPA-appointed environmental auditors to independently verify the various plans and monitoring programs, and conduct regular environmental audits of closed landfills.

Landfill BPEM training for local government

EPA conducted two, two-day training workshops on landfill construction, operation, management and audits based on the EPA Best Practice Environment Management - Siting, Design, Operation and Rehabilitation of Landfill (the Landfill BPEM), publication 788.1. This was in response to compliance concerns with environmental management of landfills. Fifty local government and private operators attended.

Detailed assessment of landfill levy statements

This year EPA focused on auditing annual landfill levy statements for 30 sites. During the year this was revised to 28 which represents 40 per cent of licensed landfill sites. This is being done by an external auditor under EPA direction. Most sites have now been visited and a draft report is being prepared.

Addressing odour and dust issues across Victoria

Managing odour and dust at Brooklyn

The impacts of dust, odour and noise from the Brooklyn Industrial Precinct on the surrounding communities have kept EPA busy since 2008 and strong early gains were made. In September EPA refocused its approach on two priorities: long-term control of dust generated from unsealed roads and verges; and minimising Brooklyn Industrial Precinct's environmental impact.

EPA has:

- Issued 25 new notices to high, medium and low risk sites focused on long-term, engineered solutions.
- Developed an action plan with councils and VicRoads outlining a staged approach to addressing dust generated from roads within the Brooklyn Industrial Precinct.

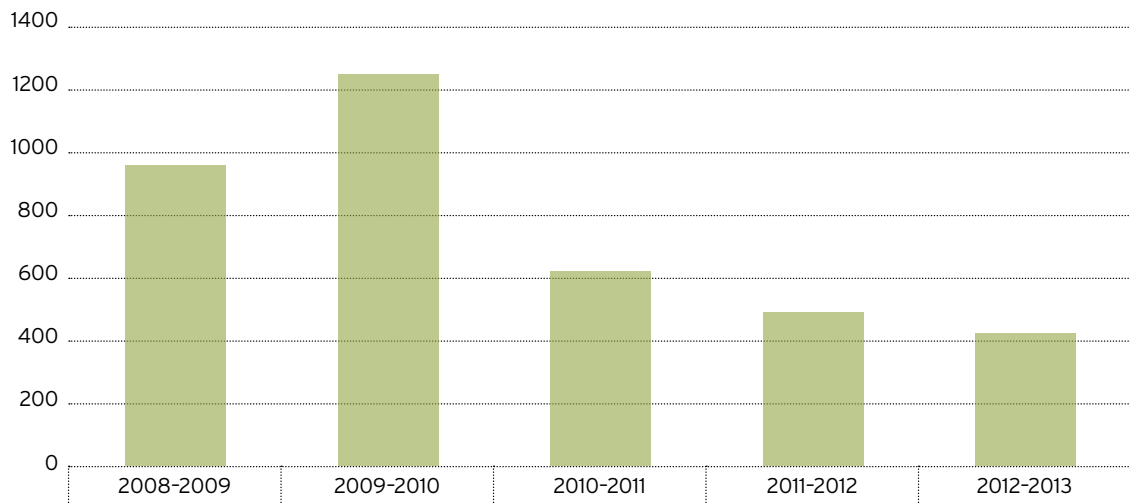
EPA has maintained strong links with the community through the Brooklyn Community Representative Group. This is a quarterly open forum funded by EPA for community, government and industry to come together to discuss the issues in the area. Strong links have also been maintained through the local community groups Brooklyn Residents Action Group and Yarraville on the Nose. These groups have also received funds for local projects to improve their environment through section 67AC's orders with Swift Australia and Cargill Processing. Further information on these projects is on page 30.

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

Odour

Targeting the most odorous sites in the region has seen a decrease in odour reports received by EPA. This is reflected by the fact that the second half of 2012-13 saw successive months with the lowest odour reports on record. This represents a 56 per cent decrease in odour reports since 2008-2009 when EPA first focused on the region. EPA continues to closely monitor these sites, and will maintain compliance and enforcement activities to continue to improve conditions for local residents.

Figure 6.2 Odour Pollution Reports received



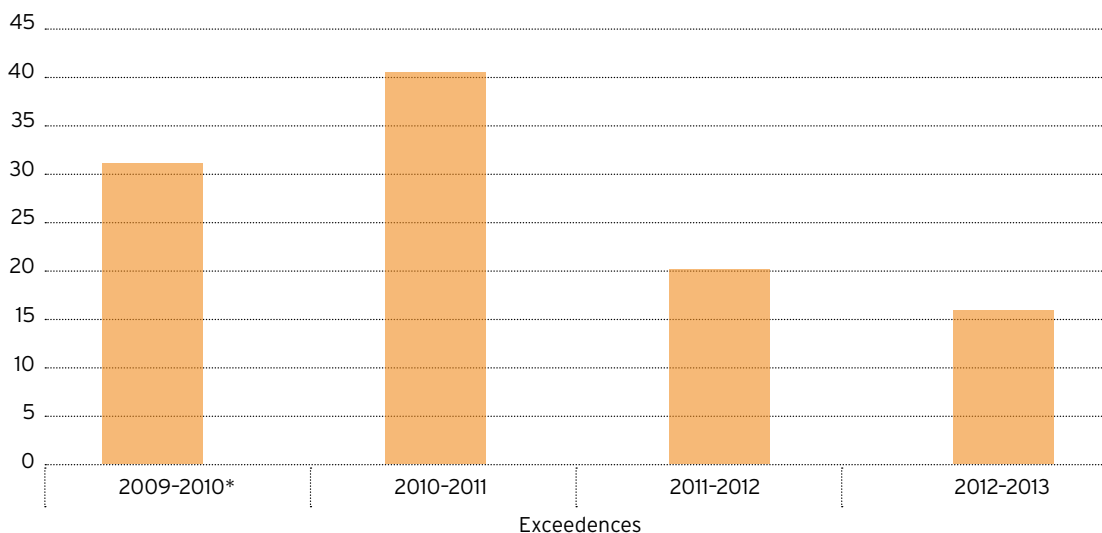
Dust

While odour management is improving particle pollution, levels in Brooklyn continue to be high. The source of this pollution is airborne dust, the dust is generated at industrial sites and roads in the area, with each contributing approximately 50 percent of the emissions. The dust levels are particularly high in dry weather with northerly winds, and Bunting and Jones Road identified as the highest single contributors to dust in the area. Sealing the two roads should make a substantial difference to the dust levels and air quality in Brooklyn. After the 2012-2013 reporting period, the Minister for Environment and Climate Change announced funding of \$900,000 for Brimbank Council to seal these two roads.

Dust levels are measured by PM10 levels, PM10 are particles with a diameter of 10 micrometers or less. By correlating the PM10 levels with activities in the area it has been noted that on at least three days road sweeping or washing had an impact in reducing dust levels. The following graph shows the number of days that have exceeded the State and national daily PM10 air quality objective for the last four years.

➤ EPA continues to monitor compliance activities and will focus on mitigating the impact of dust, which while significantly improved, remains unacceptable. EPA will continue to focus on improving practices at landfill sites, container parks and other high-risk sites, and assist with improvements to roads. We are supporting the long term vision of local governments to implement the Brooklyn Evolution Plan.

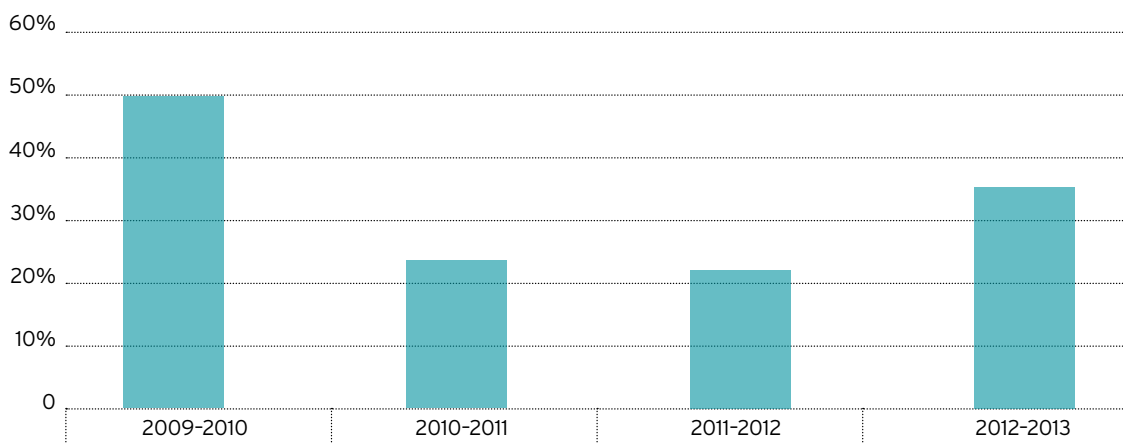
Figure 6.3 Dust levels measured through PM10 exceedences



**As monitoring was not occurring, exceedences for July - October 2009 have been extrapolated from the later data.*

EPA has conducted further analysis to determine if activities taken over the last four years have had an effect on dust levels. This has been done by comparing days where exceedences occurred against days of potential poor air quality. Potential poor air quality days have been defined as weekdays with at least 50 per cent of hours of northerly winds and no significant rainfall in the previous three days. The analysis indicates that while 2012-13 was worse than the two previous years, changes in the area over the last four years have significantly reduced dust levels experienced by the community.

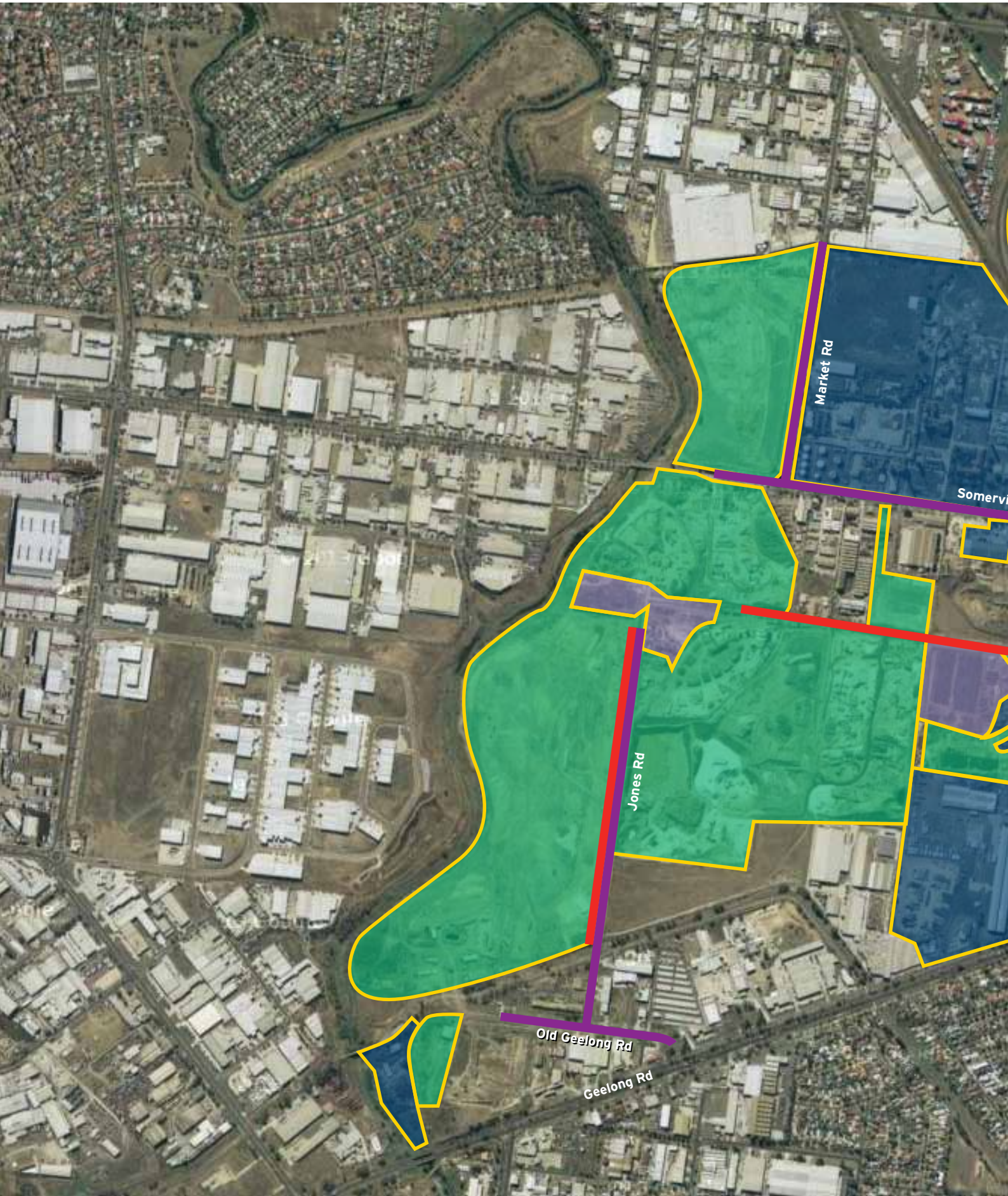
Figure 6.4 Percentage 'Potential Poor Air Quality Days' when a PM10 exceedence is recorded

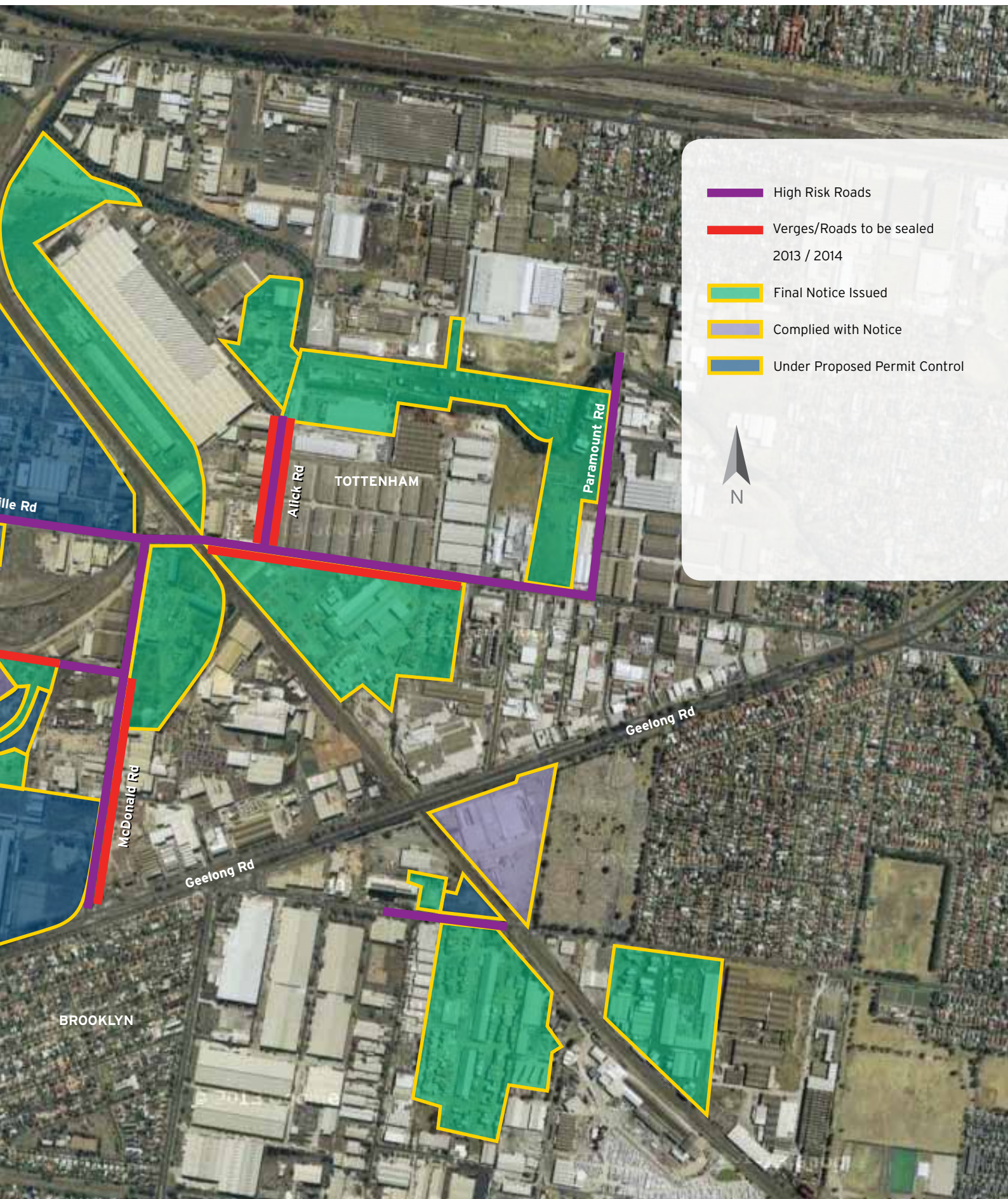


The map on the following page shows sites in the Brooklyn area that have had notices served on them or have been inspected for compliance. Sites are delineated by the yellow line around their borders. Notices are public documents and can be provided on request.

Change-ready and facing the challenges Year Two

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED





- High Risk Roads
- Verges/Roads to be sealed
2013 / 2014
- Final Notice Issued
- Complied with Notice
- Under Proposed Permit Control



ille Rd

Alick Rd

TOTTENHAM

Paramount Rd

McDonald Rd

Geelong Rd

Geelong Rd

BROOKLYN

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

Killara odour management

Killara residents have been reporting offensive odours for a number of years and EPA has been working closely with City of Wodonga, North East Water and the community to tackle this. At the end of 2011-12 EPA issued a penalty infringement notice to Ileowl Pty Ltd (trading as Greenchip Recycling) for offensive odour beyond their premise boundary. This year EPA focused on a long term resolution and issued three pollution abatement notices to Greenchip Recycling to:

1. Undertake a water balance to determine how liquid waste is managed.
2. Build a larger hardstand area on to prevent liquid run-off.
3. Control the acceptance of liquid waste.

Greenchip Recycling undertook all work required in the first two notices but lodged a VCAT appeal for the third. A hearing is scheduled for the 29-30 August 2013. EPA remains committed to resolving this issue.

Clayton and Dingley odour

Clarinda, Clayton and Dingley have a number of EPA licensed landfills and green waste facilities located close to residential areas. In 2010-11 as a result of extensive rain, odour became an issue in this area. Since then, EPA has been actively working to ensure industries comply with legislation to improve their performance and reduce odour.

This has been managed by EPA through the use of compliance tools. All sites have been issued with notices to manage issues on the site. These management approaches vary and cover issues such as leachate management, progressive rehabilitation and gas extraction.

A number of the notices issued were initially appealed in VCAT, mainly for timelines associated with compliance requirements, they have all now been issued.

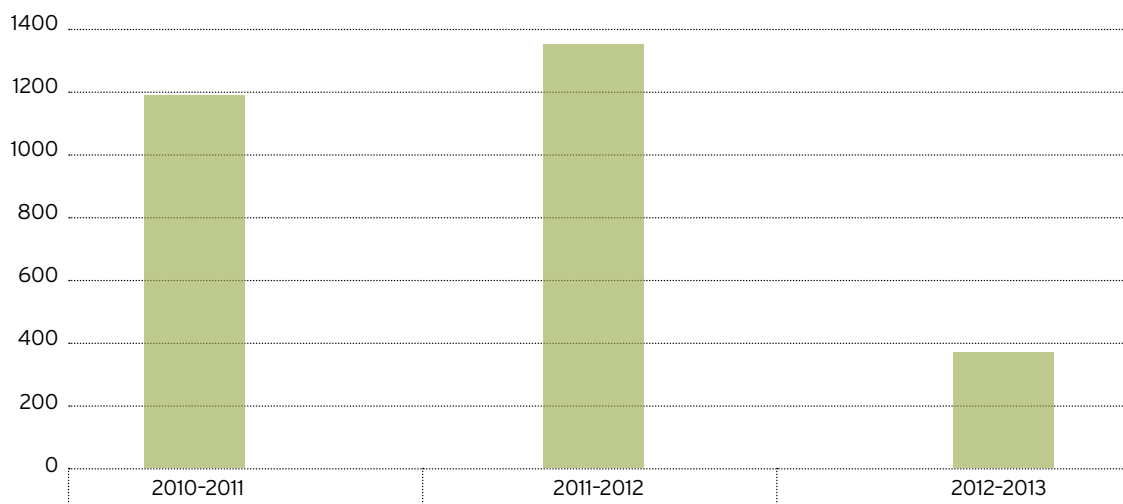
There is no short-term solution to the issue as the cause of the odour is complex and requires significant investment by the operators to improve. Compliance inspections have continued to maintain the pressure on operators to meet their environmental obligations.

EPA continues to engage with the Clayton and Dingley Community on a quarterly basis to keep them informed of the issues and progress in the area.

EPA's focus on ensuring appropriate management of the landfills and green waste facilities has been supported by the drier weather conditions in 2012-13 improving odour incidents in the area.

The following figure shows the number of pollution reports for the area over the last three years.

Figure 6.5: Number of Odour Pollution Reports



North West intensive animal industry (poultry)

Communities in the North West have been reporting offensive odours for a number of years. In February the North West EPA office began to focus on 13 Poultry (nine chicken, one turkey and three duck) farms to gain a better understanding of industry standards, and site-specific issues from farms generating offensive odours. Following inspections and interviews with farmers and leading industry figures, and the issuing of several remedial notices, EPA has:

- Gained a greater knowledge of the opinions of the growing contractors to environmental practices versus producing a profit.
- Educated farmers on their environmental obligations (especially regarding amenity impacts).
- Resolved several site-specific issues through remedial notices and/or immediate actions taken by farmers.

This strategy is being extended to a 45-day investigation into the growing cycle focused mainly on odour or known, problem chicken farms without Chicken Care accreditation. A chicken auditor will be onsite to provide the industry standard and the results will provide EPA with a greater all-round understanding. The program will also try to determine the role of 'industry leading' sites and whether more work can be done through the local council planning process.

Coal processors in Morwell

Coal processors in Morwell were a focus for EPA, particularly the briquette factory operated by Mecrus Pty Ltd. The plant operates on low-grade steam produced by Energy Brix Australia Corporation with coal from Hazelwood mine. The issues are source and fugitive dust emissions, made worse by uncovered conveyer systems; excess storage of grus, coal and briquettes in the storage yards; and stack emissions from coal drying.

The EPA Gippsland office has worked closely with Mecrus to prioritise and monitor actions following an Environmental Audit completed in 2008, under section 53V of the EP Act. In December EPA issued two pollution abatement notices to Mecrus for fugitive dust emissions and source air emissions.

Mecrus has successfully reduced fugitive dust emissions and this notice has been revoked. Works continue on the refurbishment of the coal dryers and the related monitoring program to address the second notice. EPA will continue to monitor and work with Mecrus and stakeholders to ensure actions and activities are undertaken that address the issue of source air emissions.

Addressing the challenges of litter and waste

Illegal Dumping Strike Force (IDSF)

The IDSF has three key objectives:

1. Increase the overall number of illegal dumping issues investigated, and compliance and clean up notices issued.
2. For EPA to gain a better understanding of the issues.
3. To change community and industry attitudes.

EPA focused on changing illegal dumping behaviours in waste tyre stockpiles, the skip bin industry, and the construction and demolition industry. EPA also focused on working with local governments struggling with illegal dumping.

IDSF is working with partners to identify the main offending industries, the 'hotspots', and the types and volumes of wastes being dumped. This will assist in shaping EPA's strategic direction and ensure EPA is an intelligence-led decision-maker.

The IDSF successfully executed a joint operation with Victoria Police, resulting in three arrests, and invested in black operations cameras (an efficient evidence-gathering tool) and soil testing equipment. This enables the quick determination of the presence or absence of contamination (hydrocarbons) in dumped material.

It is also supporting the upgrade of EPA's mapping systems through the Coordinated Imagery Program (a whole-of-government initiative). This will help imagery, reduce costs, avoid duplication, and streamline EPA acquisition, storage and access to aerial images and elevation products. EPA also collaborates with DEPI to share intelligence to build a better picture of illegal dumping in Victoria and develop a national waste crime report.

Compliance and enforcement highlights:

- 65 notices issued for illegal dumping of waste
- Over 235 compliance inspections relating to illegal dumping
- Three successful illegal dumping prosecutions resulting in \$105,000 in fines and \$36,253 in costs awarded.

Litter reporting

Over 22,765 litter reports were received by EPA, resulting in 16,527 litter penalty infringement notices being issued. Over 85 per cent of reports were for lit and unlit cigarettes. Other reports included food packaging, drink containers and poorly secured rubbish. Last year fines for littering were increased to \$282 for a small piece of rubbish or an unlit cigarette and \$563 for a lit cigarette. Total fines issued equalled \$3.680 million, including cancelled fines.

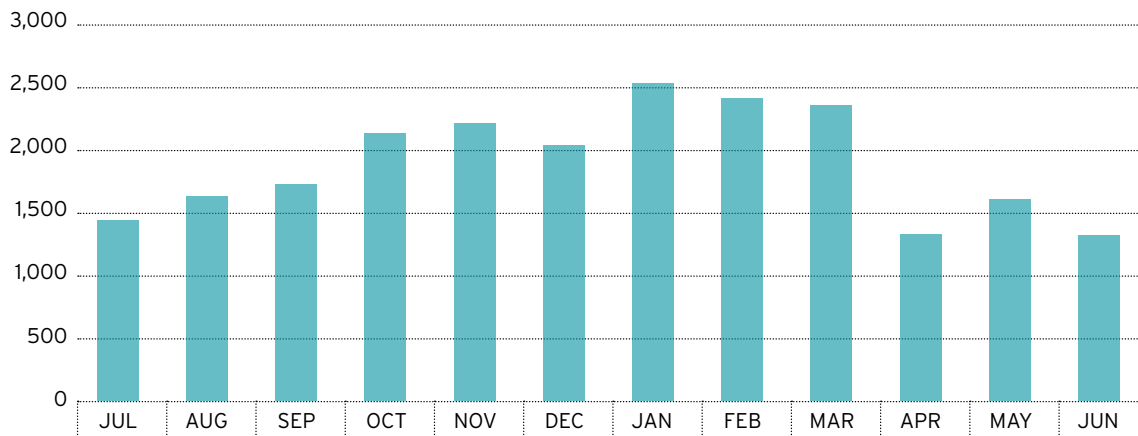
6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

EPA and SV, collaborated on the 'Stop Litter Where It Starts' campaign that aims to educate Victorians about the environmental impacts of litter and how to report offenders to EPA.

Stop Litter Where It Starts campaign statistics:

- 7,025 reports received, a 32 per cent increase on last year.
- 3,385 new litter reporters recruited, a 61 per cent increase on last year.
- 1,756 Report Litter iPhone Apps downloaded.
- 79 per cent of reports during the campaign were cigarette-related.
- 36 per cent of reports came in via the iPhone app (10k downloaded since December 2011) average has been 8 per cent.

Figure 6.6 Number of Litter Reports received



To complement this work EPA has also delivered two initiatives focused on preventing illegal dumping and littering across Victoria. In 2012, the Victorian Government announced funding for charitable recycling organisations and public land managers who have experienced an increase in domestic waste being dumped illegally. This project has seen EPA, SV, the Victorian Litter Action Alliance (VLAA), and the National Association of Charitable Recycling Organisations (NACRO) and Monash University (Behaviour Works) enter into a partnership to investigate interventions that may assist in preventing illegal dumping at charitable recyclers. The project focused on infrastructure, such as fencing, CCTV, sensor lighting and signage. The trial concluded at the end of May and the results indicate there is no 'one size fits all' approach. NACRO are rolling out further evidence-based interventions at member stores that were not part of the trial.

In its third and final year, the Local Government Litter Prevention Program continued to focus on EPA building capacity in local councils by funding Litter Prevention Officers and workshops. Initial results indicate the program has been successful. Both Bass Coast Shire Council and the City of Greater Dandenong have seen a reduction of dumping, with less than 50 percent of reported matters requiring clean up by council. Across the 10 councils over 2,000 notices were issued, and well over 6,000 reports were responded to.

Strategic activities and an industry partnership approach

Automotive

In 2011-12 EPA began investigating the risks and impacts posed by the automotive repair and maintenance industry. EPA used the findings to conduct research and workshops with industry about management of waste fluid 'wreckers'. To support the work within this industry EPA entered an exciting new partnership with the Victorian Automobile Chamber of Commerce (VACC) to deliver a compliance support program for SMEs in 2013-14 in the auto repair and dismantling sector. It will feature onsite visits and educational workshops.

Surface finishing industry

In 2011-2012 EPA began investigating the surface finishing industry, specifically the elevated levels of heavy metals in Dandenong Creek. EPA inspected 11 Dandenong-area electroplating businesses, and issued a number of remedial notices and penalty infringements. EPA also sought to mitigate the risk of a major spill by issuing a number of official warnings to businesses not adequately storing chemicals, acids and liquid wastes.

This year EPA continued to closely monitor high-risk businesses to ensure compliance, and worked successfully with the Australian Institute of Surface Finishing (AISF)

to improve the industry's overall performance. However, Dandenong Creek samples taken in 2011 and 2012 show no significant change in heavy metal levels, in light of this, EPA is investigating ways to reduce the risks across Victoria's electroplating industry.

Dairy processing facilities

After an investigation of licensed processing facilities in 2010, in 2012 EPA focused on improved understanding of the size, scale and nature of environmental impacts of unlicensed processors, specifically for odour, noise and other environmental issues. A literature review, 16 inspections and surveys of 20 businesses identified a number of potential risks but almost no incidences of actual harm. Importantly, this process significantly raised industry awareness of its environmental obligations. EPA continues to ensure compliance through strategic relationship management.

North Geelong and Port Campbell noise

High noise levels from industry in the North Geelong region and from gas plants in the Port Campbell region remain a priority. Test results in North Geelong are inconclusive about the extent of contribution of individual sites and local traffic. EPA will continue to monitor this to determine the sources and move to ensure improved industry practices. Meanwhile, in Port Campbell, Origin Energy has been identified as the high-noise source. EPA will focus on working with industry to identify causes and options to reduce noise levels.

Working with industry in partnership programs

EPA recognises the importance of stakeholders understanding their environmental obligations and how to comply, and how to encourage environmental leadership. A number of these programs have been highlighted in the work above. The focus in these programs is on supporting stakeholder groups in understanding how to improve their environmental performance. Successful partnerships have continued, and will continue, with AiGroup and PACIA to deliver business compliance programs. AiGroup has delivered on-the-ground risk assessments for business, followed up with recommendations to improve onsite environmental performance and compliance. PACIA is providing access to the compliance wizard for business to assess their compliance level and understand how to improve.

The HazWaste Fund entered its final round of grants this year. Approximately \$5 million in funds was recommended to the Minister for distribution to support industry in reducing prescribed waste through new technologies and processes. EPA will be finalising contracts with businesses that successfully secured HazWaste funding in the final round. Information on successful HazWaste Fund project applications is available in Section 16.

Delivery of the Annual Compliance Plan (ACP)

Delivering the ACP supports EPA's commitment to transforming into a modern regulator. It lets businesses know where EPA is focusing its efforts, and shows the community EPA is aware of their concerns and targeting issues in a strategic way. The ACP focuses on pollution response, compliance maintenance and environmental strategy. It allocates resources rigorously and effectively, and includes targets that EPA has committed to achieve. Each quarter, EPA publish a report online that tracks performance against the ACP.

EPA staff conducted over 2,600 inspections during the year, more than 1100 of these were in response to reports of pollution from the public. Nine hundred inspections checked compliance of businesses that had been issued EPA approvals or remedial notices. EPA issued 372 remedial notices to businesses within the context of the new risk-based response, compliance and enforcement strategies.

Delivering the ACP brought together EPA Officers from across regions to achieve statewide targets. Feedback from business and the community has supported the new approach delivered by the ACP, and having EPA Officers in the field keeps business aware of its responsibilities. Quarterly reporting, through environmental stakeholders and news services, allows EPA to communicate to a wider audience. The constant measurement of performance maintains a focus on the best possible outcomes. The ACP is available on EPA's website.

Inspections on licensed sites

A key target of the Annual Compliance Plan was to inspect 300 licensed sites. These were selected through a Licensed Site Operator Risk Assessment (LORA) system and included prescribed industrial waste management sites, chemical works, sewage treatment plants, operating landfills, composters and fish farms. Authorised Officers checked compliance against the operator's licence, validated information EPA held on the site, and completed a detailed risk assessment.

EPA plan to visit every licensed site in Victoria between 2012-13 and 2014-15 and the information collected will set the ongoing frequency of compliance maintenance inspections. The results will prove valuable when the data is complete in 2015. Of the 320 license inspections, half were fully compliant with their licence and only 6 per cent had serious non-compliances.

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

Environmental Resource Efficiency Program (EREP)

EREP was a unique regulatory program run by EPA for Victorian sites consuming over 100 TJ of energy and/or 120 ML of water in a financial year. Each site had to assess their operations and identify opportunities to improve efficiency. In February the Victorian Government announced EREP regulations would be revoked earlier than the original expiration date at the end of 2014. In late 2012, the Council of Australian Governments (COAG) agreed that States and Territories would review programs that had possible duplication with any federal and carbon price incentives. The EREP program was part of this review. The review found it duplicated current Commonwealth programs and placed an unnecessary compliance burden on businesses.

Over 250 companies participated in EREP with expected annual savings far outweighing initial projections. It reduced resource use by businesses, saved them money and improved their internal capacity. Throughout the program there was a high-level of compliance from participating businesses. It has successfully helped promote decision making that results in resource minimisation and has helped participants uncover opportunities to reduce resource use, save money and improve internal capacity.



Annual savings (as at April 2013)

- 7,079 TJ of energy.
- 7,756 ML of water.
- 129 kT of solid waste.
- 1,149 kT CO₂-e of greenhouse gases.
- \$121 million financial savings.

Using statutory programs to tackle pollution

Ballast water

EPA regulates the management and discharge of domestic ballast water (water taken up at an Australian port or within 12 nautical miles of Australia's coastline). The Ballast Water program protects Victoria's marine life from marine pests carried in ballast water and all ships must report to EPA upon arriving at a Victorian port. This year inspections were conducted on 3,071 visits from non-accredited vessels. Ninety-three ships had minor issues and education on compliance was provided. Three cases of more significant issues were identified and these are being further investigated with a view to enforcement action.

Motor vehicles

EPA continues to target noisy and smoky vehicles and those with altered emission control system. Over 4,600 vehicle owners received notices requesting they have their cars tested at an EPA-approved testing facility. Five hundred and forty-seven failed to comply and had their vehicles suspended, and another 55 were fined after being caught in one of the many multi-agency roadside blitzes.

The transitioning to the new business services platform has meant EPA has inspected viewer vehicles this year. EPA has worked with VicPolice to enable in-car reporting of smoky, noisy and tampered vehicles. The aim is to implement this over the next year. Information gathered through motor vehicle investigations supported the Vehicle Emissions Regulations review.

Table 6.1: Motor vehicle enforcements and inspections over the past five years

	2012-13	2011-12	2010-11	2009-10	2008-09
Tampering notices (reported by EPA staff or police)	208	305	519	660	554
Noise notices (reported by EPA staff or police)	4,705	6,412	6,644	4,489	4,035
Smoky vehicle enforcement action (reported by EPA staff, police or the community)	4,464	5,390	6,396	6,622	6,592
Total	9,377	12,107	13,559	11,771	11,181
Vehicles inspected at licensed motor car traders, roadside or vehicle testing stations	727	1,967	2,183	1,843	1,885
Roadside activities	6	18	26	26	25

Pollution prevention and control statistics

Table 6.2: Pollution and control actions initiated over the past five years

Pollution and control actions	2012-13	2011-12	2010-11	2009-10	2008-09
Pollution abatement notices*	316	322	193	127	128
Clean up notices	125	114	76	44	57
Works approvals issued	44	34	35	25	46
Licences amended/transferred	62	90	86	65	88
Planning referrals considered	618	679	451	552	609
Reviews determined by VCAT	9	6	6	1	4
Total	1,174	1,245	847	814	932

* Figures include minor works pollution abatement notices

Table 6.3: Total pollution reports over the last five years

	2012-13	2011-12	2010-11	2009-10	2008-09
Total pollution reports	12,094	10,723	9,238	7,792	8,017

Table 6.4: Pollution reports received by region for the past three years

Region	2012-13*	2011-12	2010-11
Metropolitan	4,691	3,508	3,517
Dandenong	2,204	4,518	3,429
Traralgon	825	672	621
Wangaratta	648	486	442
Bendigo	910	659	540
Geelong	993	880	689

*1,823 pollution reports are not considered in this table as they have not been assigned, usually due to an inability to determine an alleged source.

Table 6.5: Infringement notices issued over the past five years

Infringement notice	2012-13	2011-12	2010-11	2009-10	2008-09
Industry	28	62	68	57	58
Waste transport	0	0	0	0	0
Motor vehicles	55	135	317	288	249
Litter	16,527	14,757	14,187	15,118	19,468
Total	16,610	14,954	14,572	15,463	19,775

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

Table 6.6: Official warnings issued over the past five years

Official warnings	2012-13	2011-12	2010-11	2009-10	2008-09
Industry	33	46	32	11	11
Official warnings issued for motor vehicles	14	76	268	189	184

NB: Official warnings for litter are no longer issued and will not be reported on.

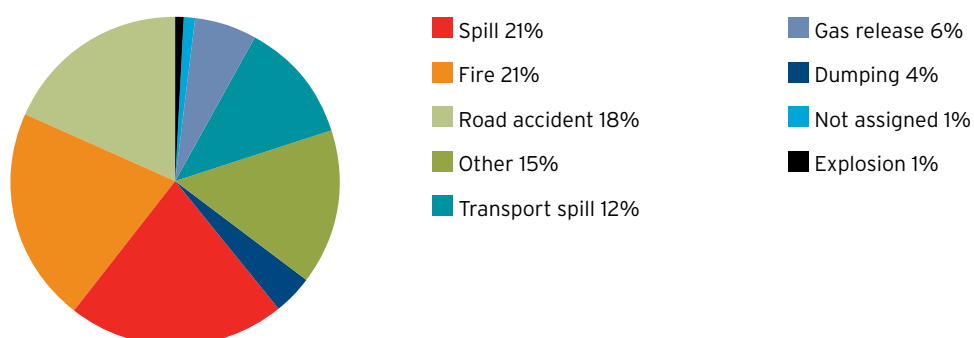
Emergency response summary

EPA has responsibilities for emergency and incident response under the EP Act, the *Emergency Management Act 1986*, and the *Pollution of Waters by Oil and Noxious Substances Act 1986* (POWBONS).

Victoria's Emergency Management Manual ascribes a high degree of involvement to EPA in emergency management as the control or support agency in a wide variety of events. EPA is involved in a wide variety of emergency events from minor fuel spills from road accidents to major chemical leaks, marine oil spills, transport accidents, chemical fires, or other catastrophic events.

EPA's 24-hour support service to Victoria's emergency services and the community is provided through 22 experienced and trained emergency response officers (EROs) in metropolitan Melbourne and a further 16 in regional Victoria. Officers assess the environmental impact of the incident, determine practical measures to protect the environment and ensure proper clean-up and disposal methods are adopted for the wastes. EPA has recruited and trained 12 new emergency response officers from EPA's Authorised Officers around Victoria this year. This year, officers responded to a total of 311 incidents with 71 requiring attendance. The breakdown of incidents is shown on the following chart:

Figure 6.7: Emergency incidents by type



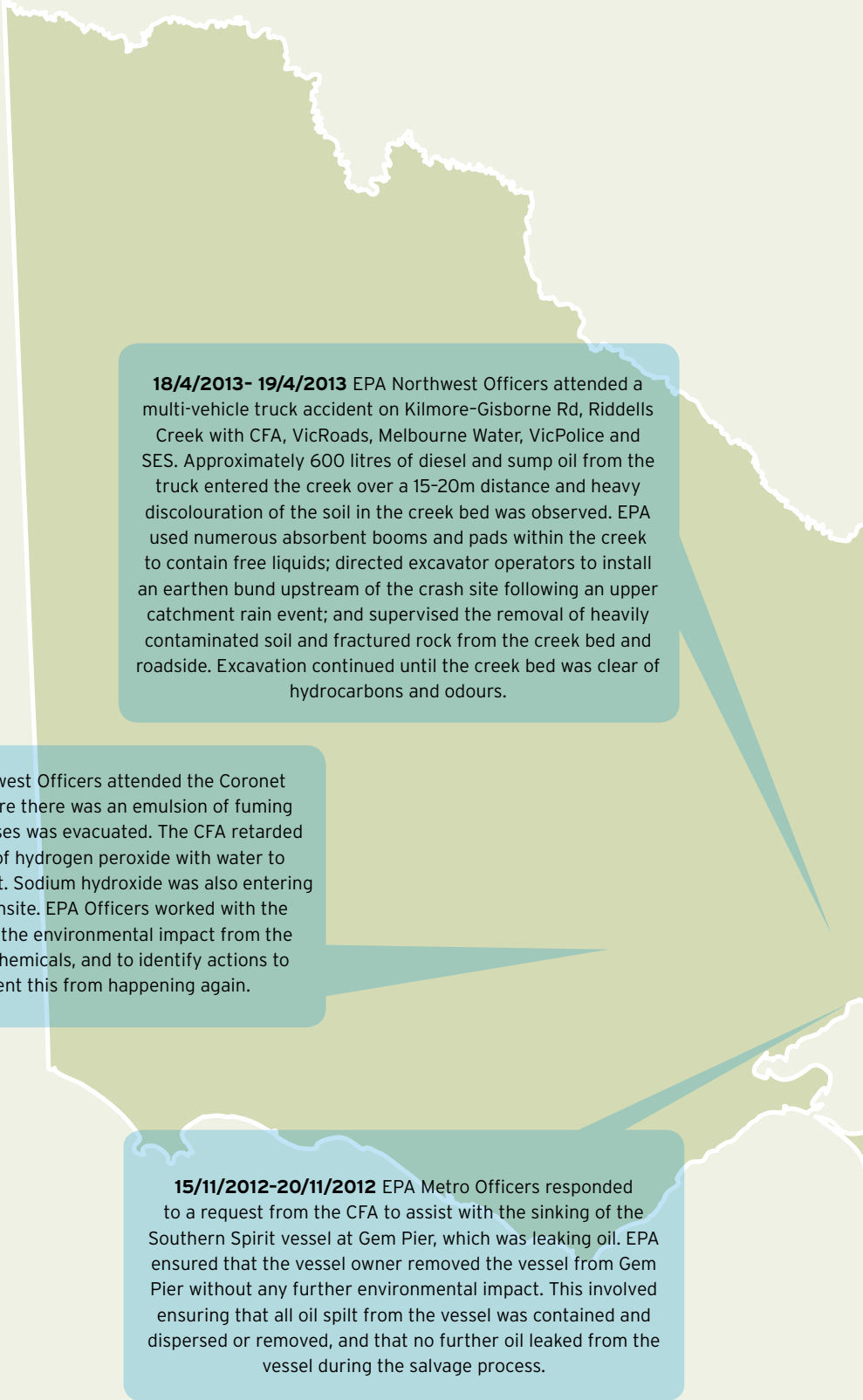


*EPA Environment Protection Officer
completing a site inspection*

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

Significant emergency response incidents

A number of the 311 incidents EPA responded to in 2012-13 were 'significant'. These are outlined below.



18/4/2013- 19/4/2013 EPA Northwest Officers attended a multi-vehicle truck accident on Kilmore-Gisborne Rd, Riddells Creek with CFA, VicRoads, Melbourne Water, VicPolice and SES. Approximately 600 litres of diesel and sump oil from the truck entered the creek over a 15-20m distance and heavy discolouration of the soil in the creek bed was observed. EPA used numerous absorbent booms and pads within the creek to contain free liquids; directed excavator operators to install an earthen bund upstream of the crash site following an upper catchment rain event; and supervised the removal of heavily contaminated soil and fractured rock from the creek bed and roadside. Excavation continued until the creek bed was clear of hydrocarbons and odours.

5/12/2012 EPA Southwest Officers attended the Coronet Laundry in Ballarat where there was an emulsion of fuming chemicals and the premises was evacuated. The CFA retarded the chemical reaction of hydrogen peroxide with water to reduce the fumes and heat. Sodium hydroxide was also entering the stormwater drain onsite. EPA Officers worked with the premises owner to limit the environmental impact from the fire water and leaking chemicals, and to identify actions to implement to prevent this from happening again.

15/11/2012-20/11/2012 EPA Metro Officers responded to a request from the CFA to assist with the sinking of the Southern Spirit vessel at Gem Pier, which was leaking oil. EPA ensured that the vessel owner removed the vessel from Gem Pier without any further environmental impact. This involved ensuring that all oil spilt from the vessel was contained and dispersed or removed, and that no further oil leaked from the vessel during the salvage process.

2/5/2012 EPA Northeast Officers attended Australian Rubber Manufacturers (ARM) in West Numurkah for a tyre fire at the premises. The CFA was responsible for putting out the fire and dealing with the large amount of brown and grey smoke travelling vertically to the atmosphere from the fire base. EPA Officers provided advice on bunding the fire water being generated on the premises to prevent neighbouring properties being further impacted.

28/2/2013-3/3/2013 EPA Officers Northeast and Metro attended a landslide at Sambas Mine in Harrietville. The CFA was concerned that cyanide used in processing of gold from the mine might have entered the Ovens River. EPA took the lead in the response until it was determined that no cyanide had entered the Ovens River through a series of river sample collections and analyses. Advice was given to the mine manager on how to remove the remaining chemicals onsite.

30/8/2012 EPA Gippsland Officer responded to a cement dust truck that collided with a car that veered onto the wrong side of the road on the Princes Hwy. The truck swerved to avoid the car and ruptured one diesel tank spilling approximately 350-400L of diesel on the road and roadside verge. The truck was deeply bogged on the roadside, and diesel leaked from the tank into swampy roadside vegetation. VicPolice, CFA, VicRoads, Ambulance Victoria and SES were in attendance. EPA Officers provided advice on containment of the spilt diesel and clean up of what had already been lost from the truck.

03/08/2012 EPA Metro Officers attended Australian Paper Recovery factory with the MFB responding to smouldering pallets of waste paper. Approximately 700 tonnes of paper was burnt, 1000 tonnes was wet. Inside the factory there was a 2000 L container of hydraulic oil attached to a bailing machine. The oil was at the rear of the factory some distance from the fire. The walls of the factory had become unstable and were removed in order to allow access to investigate the source of the fire and to fight the fire. EPA Officers advised on containment of the fire water, the ash and litter being generated, and the disposal of the damaged products onsite.

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

EPA 2012-13 legal proceedings Major prosecutions

Mobil Refining Australia Pty Ltd

On 21 August 2009, during a transfer of crude oil from the oil tanker *Leyte Spirit* to the Mobil Refining Australia Pty Ltd (Mobil) shore terminal in the Port of Melbourne, high winds broke a transfer arm, spilling oil into State waters. Charges were brought against the owner Teekay Navion Offshore Loading Pte Ltd (TNOL) and Mobil. Charges against the ship's Master were later withdrawn. As summarised in last year's annual report, TNOL pleaded guilty to one charge of permitting an environmental hazard under section 27A(1)(c) of the EP Act.

A contested hearing was held on the Mobil Refining matter at the Melbourne Magistrates' Court in May 2012. In June 2012 Magistrate Bolger found all (alternative) charges proved. On 22 October 2012 the Magistrate found Mobil guilty of causing an environmental hazard under section 27A(1)(c) of the EP Act. With conviction, Mobil was ordered to pay \$150,000 to Port Phillip EcoCentre Incorporated for the Bay Care Action and Awareness project, and \$135,000 towards EPA prosecution costs.

The purpose of the "Bay Care Action and Awareness project" is to recruit, coordinate and train volunteer guides to manage and educate visitors of the St Kilda Penguin Colony. The project will support the expansion of a litter reduction project from St Kilda to other bayside areas with the City of Hobsons Bay, Bayside City Council and Wyndham City Council Municipalities. The project also focuses on educating students and the general public about penguins and the bay's natural values, using a mobile interpretive display to be deployed at schools and other public places.

Nuplex Industries (Aust) Pty Ltd

On 19 December 2011 an operator error at Nuplex Industries caused the incorrect addition of chemicals into the wrong process tank. This resulted in a rapid increase of temperature within the tank, and the subsequent failure of the tank's seals due to its over-pressurisation. The contents of the tank spilled into the building and ethyl acrylate, butyl acrylate and acrylonitrile vapours were released into the surrounding Wangaratta community. Around one hundred people were evacuated from their homes, five were treated at hospital and numerous people reported symptoms such as coughing, sore throats, nausea, headache and anxiety.

On 22 April 2013 Nuplex pleaded guilty before Magistrate Smith at the Wangaratta Magistrates' Court to one charge of causing air pollution under s.41(1)(b) of the EP Act. Nuplex was ordered to pay \$13,464 towards EPA prosecution costs and, without conviction, was ordered to pay \$160,000 to the Rural City of Wangaratta for four environmental projects including \$54,450 towards tree planting along Sisely Avenue and \$68,450 towards environmental enhancements at Wareena Park.

The avenue tree planting project is to restore the residential environment to Sisely Avenue. Trees will be planted in the

median strip of Sisely Avenue, which separates residential and industrial zones in Wangaratta. Once established the trees will provide residents with a visual buffer from the industrial area, birdlife will benefit from increased habitat, and increased shading will help counter urban heat island effect.

The purpose of the Wareena Park Environmental Enhancement & Community Engagement Project is to provide for various environmental activities along the Wareena Park and Wetland and One Mile Creek area. The activities will make the area more accessible and enjoyable for users.

Victorian Civil and Administrative Tribunal Innova Soil Remediation Facility works approval Renex Group Ltd ('Renex') v Innova Soil Technology Ltd ('Innova') - third-party review of works approval

Renex sought a review through VCAT of EPA's decision to grant a works approval to Innova for a soil remediation facility at Kororoit Creek Rd, Altona. Renex had already received a works approval and planning permission to construct a contaminated soil treatment facility at 109-133 Ordish Road, Dandenong South. Both facilities are designed to remove contaminants from soil and create fill. Renex's application claimed its facility would have a higher environmental standard than Innova's and, therefore, EPA had failed to correctly apply the 'best practice' requirement.

VCAT upheld EPA's decision and also approved EPA's approach to three important decision-making criteria in relation to works approvals. These are: best practice; 'maximum extent achievable' reduction in emissions; and buffer distances. One or more of them (depending on the application) must be addressed to EPA's satisfaction by works approval applicants.

Innova v Hobson's Bay City Council ('the Council')

Innova sought review of the deemed refusal by the Council of Innova's planning permit application in relation to the proposed facility discussed above. A 10-day hearing commenced on 12 November 2012. On 1 May 2013, VCAT published a 70-page decision, which:

- a. Affirmed with very minor amendments the works approval EPA issued to Innova;
- b. Concluded that EPA had:
 1. Properly assessed best practice in relation to Innova's works approval application and thus correctly applied the relevant provisions of SEPP (AQM); and
 2. Correctly interpreted the term 'MEA' (maximum extent achievable);
- c. Concluded that the 950 m buffer around Innova's proposed facility is sufficient; and
- d. Issued a planning permit to Innova.

Supreme Court proceedings

Maddingley Brown Coal Pty Ltd - Supreme Court case (landfill levy dispute)

In June 2011, EPA-licensed landfill operator Maddingley Brown Coal Pty Ltd (MBC) initiated proceedings in the Supreme Court of Victoria seeking declarations about several decisions made by the Authority earlier in 2011 concerning the regulatory obligations (if any) under which MBC could deposit low-level contaminated soil into its 'firewall'. The 'firewall' is an earthen barrier between MBC's landfill and its open-cut brown coal mine. If successful, MBC will seek an order to recover \$3.2 million in levies paid to EPA plus the steadily increasing amount (approximately \$13.9 million as at 30 July 2013) not paid to EPA since April 2012 but paid, instead, into a separate and secure account established by MBC in compliance with an order of the Court.

Hi-Quality Quarry Products Pty Ltd - Supreme Court proceedings (unpaid landfill levy)

Due to unpaid landfill levies worth \$3,423,706.24 EPA suspended Hi-Quality Quarry Products Pty Ltd's (Hi-Quality) licence for its Bulla landfill between January 2011 and November 2012.

On 5 August 2011 Hi-Quality entered into an agreement signed by its director, Patrick Hallinan, to pay all the outstanding levy amounts in six instalments plus EPA's costs of \$15,000. Only the first two instalments were paid. In December 2011, Hi-Quality provided a guarantee to EPA via a charge over land owned by Tranteret Pty Ltd (Tranteret), of which Patrick Hallinan is a director.

On 4 June 2012 EPA served a 'statutory demand' under the Corporations Act 2001 on both Hi-Quality and Tranteret Pty Ltd. Failure to comply would have seen both companies placed into liquidation. In November 2012 all outstanding debts were paid plus \$65,000 to cover EPA costs at a total of \$4,058,631.37.

Table 6.7: Summary of major prosecutions for 2012-13

Company or individual / main offence	Decision
<p>Schutz DSL (Australia) Pty Ltd</p> <p>Pollution of waters and making or be reasonably expected to make those waters noxious or poisonous at Laverton North, contravention of section 39(1)(a).</p>	Without conviction, ordered pursuant to section 67AC to pay the sum of \$40,000 to Western Melbourne Catchment Networks Incorporated.
<p>Lantrak Projects (Vic) Pty Ltd</p> <p>Abandoning industrial waste at an unlicensed site at Bangholme, in contravention of section 27A(2)(a).</p>	Convicted and fined \$50,000 and ordered pursuant to section 67AC to publicise the offences, their consequences and any penalties imposed or orders made.
<p>Golden Circle Limited</p> <p>Pollution of waters making them harmful to fish at Mill Park, in contravention of section 39(1)(c).</p>	Without conviction, placed on a Good Behaviour Bond for 12 months and ordered pursuant to section 67AC to pay the sum of \$50,000 to Parks Victoria, who will manage the funds on behalf of The Friends of the Gorge (a non-incorporated community group).
<p>FCL Interstate Transport Service Pty Ltd</p> <p>Pollution of waters making them harmful to animals at West Melbourne, in contravention of section 39(1)(c).</p>	Without conviction, ordered pursuant to section 67AC to carry out a specified project by paying the sum of \$75,000 to Moonee Valley City Council.
<p>Drum Brokers Australia Pty Ltd</p> <p>Disobeying conditions of licence at Dandenong South, in contravention of section 27(2) and 62A(3), and abandoning industrial waste at an unlicensed site in Dandenong South, in contravention of section 27A(2).</p>	Convicted and fined an aggregate of \$95,000.
<p>Adam David Parkin</p> <p>Abandoning industrial waste at an unlicensed site at Carrum Downes, in contravention of section 27A(2)(a).</p>	Convicted and fined \$1,000.
<p>Transpacific Industries Pty Ltd</p> <p>Pollution of atmosphere causing offences to the senses of human beings at Portland, in contravention of section 41(1)(a).</p>	Convicted and ordered pursuant to section 67AC to carry out a specified project by paying the sum of \$80,000 to Portland Community Garden Landcare Group

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

Section 67AC orders

Under the EP Act (section 67AC) a company or individual found guilty of environmental pollution may be directed by a magistrate to fund a community environmental project instead of paying a court fine. Details of section 67AC's are available on EPA's website.

Following are the Section 67AC projects completed this year:

Ancor Packaging (Australia) Pty Ltd gave \$60,000 to Help for Wildlife Incorporated for an all-purpose building in the Shire of Nillumbik for wildlife education, rehabilitation, a small education theatre and a resource information centre. The proposed building consisted of a veterinary clinic, wildlife accommodation (pens, cages and holding areas), an office area and a storage room for food and equipment. However, the inability to obtain the required permits saw the project amended to a mobile clinic and a number of educational events about threats and dangers to wildlife. The project was completed in March.

Melbourne Water Corporation gave \$90,000 to Western Port Seagrass Partnership Ltd for a project entitled 'Improving Water Quality in Western Port using mangrove and seagrass planting to control the erosion of the Lang Lang coastline'. The project involved replanting mangroves along the north-eastern coastline from Lang Lang to Cardinia Creek to re-establish the extensively eroded natural coastal defence. Six thousand mangroves were planted over 2 km of coastline, 1,000 mangrove seedlings were propagated and 30,000 seeds were collected from direct seeding. The project aimed to significantly reduce the erosion of the low cliffs along the coastline, and reduce associated sediment inputs, which have been linked to deteriorating water quality and decreased photosynthesis in Western Port Bay. The project was completed in June.

Tasman Group Services Pty Ltd gave \$132,000 to Victoria University (Iramoo Sustainable Community Centre) for a project entitled 'Keilor-Werribee Plains flora and fauna conservation promotion project (2009-2010)'. This involved:

- Researching to gather data on the history, geology, flora and fauna.
- Ascertaining community and school data presentation needs.
- Designing and producing a 10-panel 'exhibition scenscape' (x3).
- Designing and producing a website plus printed material for use in schools and the community.

The project was completed in May.

Mobil Refining Australia Pty Ltd gave Williamstown High School \$210,000 and Melbourne Water Corporation (Waterwatch) \$110,000.

Williamstown High School received funds for the project 'Jawbone Marine Sanctuary Stormwater Recycling Wetlands'. The project created a wetland to reduce and intercept stormwater inputs into the Jawbone Marine Sanctuary with interactive/educational trails. This project was completed in September.

Melbourne Water Corporation received funds for the project, 'Drain Spotters'. The project established, trained and equipped four Drain Spotter teams to monitor, detect and report pollution events around drains. It is part of the Waterwatch program, which engages community and local industry in raising awareness of the protection of local waterways. This project was completed in November.

Visy Paper Pty Ltd gave \$100,000 to City of Darebin for the 'Edwardes Lake: Circling the Lake' project to improve the environment surrounding Edwardes Lake in Reservoir in consultation with the local community. This involved:

- Revegetation of the western lake fringe through community planting days.
- Installation of lighting to improve the safety and accessibility of the lake area.
- Creation and installation of interpretive signage at Edwardes Lake and into the Edgars Creek corridor.
- Community and school education events and activities linked to the above, including a water pollution education program.
- Community space recycling trial.
- Media and communications strategy to support the above.

The project was completed in November.

Swift Australia (Southern) Pty Limited gave \$50,000 to Brooklyn Residents Action Group Inc for the 'Brooklyn Federation Trail and D. N. Duane Reserve' project to develop a green, open space area for the local community. It included tree planting and picnic facilities, and culminated in a community planting day and celebration. It also aimed to develop greater connections between the community and residents to their local environment. This project was completed in May 2013.

Cargill Processing Limited gave \$50,000 to the Nose Community Group Inc for the 'West Yarraville accelerated street tree avenue development' project that saw up to 300 new trees planted to improve air quality, enhance character and encourage bird and insect life. This will be a model for future streetscape design in the Maribyrnong municipality. This project was completed in January.

Enforceable undertakings

An enforceable undertaking requires offenders to voluntarily enter into a binding agreement to undertake restorative tasks beyond mere compliance. On 21 September 2012 EPA issued an undertaking to SITA Australia Pty Ltd following residents' reports of an offensive putrescible waste odour surrounding the Hallam Road landfill.

SITA committed to:

- Operate the Odour Curtain System (or a similar system proposed by SITA and approved by EPA).
- Agree to a licence amendment.
- Operate in accordance with amended cell volumes and lifespan.
- Fund an independent research study into effects of odour and landfill gas from the Premises.
- Carry out six-monthly aerial infrared monitoring programs.
- Update the local community on a quarterly basis via a Community Update Fact Sheet.
- Operate the SITA Environmental Report Hotline (or a similar reporting service as proposed by SITA and approved by EPA) for use by the local community.
- Contribute \$100,000 to a local environment project.

An EPA-appointed auditor will review the undertaking and provide us with written assurance of SITA's compliance. SITA estimates the cost at \$800,000.

The enforceable undertaking was supported by the trial of a highly participatory process, Restorative Justice Conferencing.

Restorative Justice Conferencing

Restorative Justice Conferencing is a deliberative approach to wrong doing, usually involving an expanded group of stakeholders that is broadly inclusive of those impacted. It directly engages the offender with those impacted and allows everyone to understand the effect of each other's actions, and work together towards solutions. It aims to include community voices in the enforcement outcome and is one of the key processes that will assist in realising EPA's *Environmental Citizenship Strategy* (below).

Representatives from local government, the landfill operator, Metropolitan Waste Management Group, EPA and the community attended the Hallam Rd Conference.

While the final decision lies with EPA's CEO, the process acknowledges the community's right to be heard. Following the Conference three additional commitments were added to the Enforceable Undertaking drafted for Sita.

Support planning and development to prevent impacts

Too often we are dealing with amenity issues related to residential encroachment that could have been avoided in the early planning stages. We have committed to working with planning authorities to identify ways to prevent residents from being impacted by ensuring businesses have adequate buffers or have implemented technologies that avoid impact on amenity. This will mean in the future we will spend less time reacting to problems and more time planning for solutions.

Matt Vincent

Director Strategic Relations

A risk-based approach to planning and development

The Planning Strategy sets out three delivery stages:

1. Embedding a consistent, coordinated, risk-based and proactive approach to planning in all EPA regions.
2. Communicating EPA's role and priorities to external planners, and focusing EPA resources on providing them with high-quality, targeted advice on the critical planning matters that are most important to EPA.
3. Empowering EPA planners and external planners to build a planning system that addresses critical environmental issues through the establishment of a reform agenda, and building the relationships that enable EPA to maximise opportunities of input into strategic planning.

This year has focused on Stage 1, with the development and implementation of a Planning Referrals Risk Prioritisation Tool. This will help EPA's Planning Assessment Officers manage the treatment, prioritisation and response type to planning referrals. It helps assess the environmental and amenity risk of planning referrals, and work out where EPA input is most valuable.

This creates more time to focus on high risk referrals with a different approach adapted to responding to lower-risk referrals. In general, priority referrals are those that relate to strategic planning (structure plans, planning scheme amendments), section 55 referrals under the Planning and Environment Act (for which EPA has a statutory duty to respond) and all statutory and strategic referrals of high environmental risk.

Other actions taken were:

- Engaging with DTPLI to identify legislative reform opportunities to the planning system including proposed changes to clause 52.10 of the Victoria Planning Provisions to require planning referrals to EPA when areas near industry are rezoned to residential.
- Increased engagement with Growth Areas Authority and strategic planning divisions of councils.

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

EPA releases its approach to planning.

EPA publication 1487 outlines EPA's purpose and role in land use planning decisions. It sets out how EPA can support planning and development decisions to prevent impacts to environment, amenity and human health. EPA may get involved in land use planning matters in the following scenarios:

- Planning system reviews - EPA contributes scientific and technical information to whole-of-government reviews of the planning system.
- Strategic planning - EPA provides advice and information to support strategic planning and precinct structure planning including identifying potential incompatible land use to minimise future impacts.
- Planning scheme amendments - EPA assists planning and responsible authorities determine appropriate separation distances, in particular between industry and sensitive uses.
- Planning permits - EPA contributes to decisions about planning permits for use and development of land. Sometimes EPA provides advice and sometimes it directs the responsible authority.

Separation Distances Guidelines

To support this work, EPA Victoria, after a public consultation process, also released a guideline for *Recommended Separation Distances for Industrial Air Emissions* (publication 1518). This guideline replaces the old Recommended Buffer Distance Guidelines - 1990 (AQ2-86).

The revised guideline recommends separation distances for odour and dust emitting industries from sensitive land uses. It is written for planning authorities, consultants, developers and the community for strategic land use planning, and when assessing works approvals and planning permit applications. Providing adequate separation distances seeks to avoid potential lose-lose situations of encroachment that impact the health and amenity of local residents as well as the viability of hard-to-relocate industrial sites.

Shape the environmental future

Our work to shape the environmental future shouldn't overburden the community and industry with red tape. Working with DEPI and other States we're reviewing and updating priority standards and regulations; state and national environment protection policies, and guidance material. We are identifying gaps in that regulatory

framework and providing scientific and operational evidence to support new environmental measures. Part of refining our regulatory approach is understanding how the community and industry perceives our performance. We continue to ensure the environment is being protected by shaping the environmental future.

Annie Volkering

Director Knowledge, Standards and Assessment

This year EPA focused on working with other government departments in Victoria and across Australia to ensure our evidence and information has been used to support the development of best practice environmental standards. The following are some of the key projects worked on to support this.

National Plan for Clean Air

EPA supports the National Plan for Clean Air (NPCA), a national, strategic approach to air quality management bringing together Commonwealth, State and Territory. It seeks to integrate air quality standard setting with actions to reduce pollution and exposure to pollution, and modernise standards. It also responds to the latest science by introducing an exposure reduction framework for pollutants with no safe threshold.

Along with others, EPA has been working on a health risk assessment of; particles, ozone, nitrogen dioxide and sulfur dioxide, and the development of an exposure reduction framework for particles. By the end of 2014 the NPCA will, among other things, include new air quality standards and an exposure reduction framework.

Policy and Regulation Reviews

Statutory Policy

In mid-2013 EPA and DEPI completed their review of the *State Environment Protection Policies* (SEPPs) and *Waste Management Policies* (WMPs) under the EP Act. The overall framework and use of policies had not been fully re-examined since the 1970s. The findings are on the EPA and DEPI websites.

The review found that while SEPPs and WMPs are complex, difficult to access and hard to understand, they establish in law the uses and environmental values to be protected in Victoria, and set environmental quality objectives and indicators that define clean air, clean water, acceptable noise and pollution levels under the EP Act.

The review proposes a simpler, more streamlined statutory policy framework to focus setting longer-term objectives and environmental quality standards. Separate implementation plans will be developed for individual statutory policies. New reporting approaches will be implemented, and each policy's effectiveness will be better monitored and assessed.

Environment Protection (Vehicle Emissions) Regulations 2003

The *Environment Protection (Vehicle Emissions) Regulations 2003* aim to minimise air and noise emissions from in-service motor vehicles (vehicles on the road, as opposed to new vehicles), and minimise the release of petrol vapours into the air. These regulations are the basis for EPA's smoky vehicle and noisy vehicle programs and will sunset on 28 January 2014. EPA Victoria and DEPI have been reviewing the regulations in consultation with industry and community stakeholders.

A discussion paper was released in November 2011 seeking public feedback, and responses have informed the development of a Regulatory Impact Statement (RIS). EPA and DEPI also consulted with other Victorian Government agencies and jurisdictions.

A RIS on the proposed regulations will be released mid-2013 and will include a rigorous cost benefit analysis, assessed by the Victorian Competition and Efficiency Commission. This will also give the community the opportunity to comment.

Environment Protection (Fees) Regulations 2012

The *Environment Protection (Fees) Regulations 2012* prescribe fees for the majority of EPA-administered licences and approvals under the EP Act including works approval fees, licence fees, waste transport permit fees and environmental audit fees. These were reviewed through a public consultation process (six submissions were received) and were remade to apply from 28 October 2012.

Key changes include:

- Adjusting licence fee structures to better reflect the level of work undertaken by the EPA in regulating each type of licensed activity.
- Incorporating risk as an important factor in setting 'base fees'.
- Simplifying the calculation of works approval fees, with the fees now being calculated on the basis of 1 per cent of the monetary value of the works. A minimum fee of 81.83 fee units has been prescribed, while the Act continues to place a cap on the fees of 4,500 fee units.
- Simplifying the fee for environmental audits such that it is now a flat fee and it applies to both section 53V and section 53X audits under the Act (the former were not previously charged a fee).
- Simplifying the categories of waste permit transport fees and incorporating a risk factor into setting the fees. Overall, fees in this category have declined by around 38 per cent.
- Prescribing a minimum fee of 81.83 fee units for waste receivers (licence categories A01 and A05) to ensure that a minimum amount is collected to cover EPA administrative costs. The previous discount for waste processed for reuse has been removed as it is not consistent with cost-recovery principles.

- No longer prescribing the maximum septic tank permit application fee for local government.

EPA Guidance Review - a new approach

Industry and community stakeholders have complained about the lack of consistency in the quality of EPA's guidance documents and approach to managing them as summarised in:

- EPA's Approvals Review Draft Report (2012) and Final Report (2013)
- The Compliance and Enforcement Review: A Review of EPA Victoria's Approach (2011)
- VCEC's A Sustainable Future for Victoria: Getting Environmental Regulation Right Final Report (2009).

EPA responded with a guidance management system offering a systematic and strategic approach, and more active reviewing and amending.

Following a desktop review of all 270 guidance documents EPA has revoked over 30 guidelines that were no longer relevant, and updated or developed the following guidelines; *Recommended Separation Distances for Industrial Air Emissions*; *Best Practice Guidelines for Works Approvals*; and *Separation Distances for Large Composting Facilities*.

The result of the guidance review will be a clearer set of expectations for duty holders and guidance that will better support businesses to comply.

Getting Full Value: the Victorian Waste and Resource Recovery Policy

Through the *Victorian Waste and Resource Recovery Policy*, Victoria is committed to being a national leader in resource recovery. With the changing mix of waste and the way we manage them comes new and different challenges for public health and the environment.

EPA's role in waste management is to be an effective environmental regulator. To ensure that the right standards and guidance are in place so that waste management does not impact on our air, land, water environments.

EPA does this through establishing environmental standards for waste management, through licensing of waste facilities and through compliance and enforcement activities targeted at licensed and high risk activities in waste management.

EPA is leading a number of initiatives to implement the waste policy, particularly with respect to guidance for waste and resource recovery facilities, regulating the management of operating and closed landfills, stockpiling of waste and illegal dumping.

EPA will also provide support to implementation in a number of areas.

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

Updating Priority Guidelines

Stormwater standards

Stormwater is a major impact and threat to the health and use of Victoria's waterways, in particular the Yarra River and Port Phillip Bay. The current stormwater standards and *Best Practice Environmental Management Guidelines for Urban Stormwater* (Stormwater BPEM) need updating. Consequently EPA is conducting a two-phase review, involving:

- 1 a technical review of the stormwater standards.
- 2 a broader analysis and determination.

This year focused on Phase 1 and saw a team of people from Melbourne Water, Office of Living Victoria and DEPI finalise a scoping paper providing clear direction on policy, scientific, and community drivers and outcomes.

A draft for new stormwater standards for both water quality and flow will inform Phase 2.

Best practice Guidelines

Stakeholders have asked us for clearer guidance on how EPA assesses 'best practice', particularly for works approvals. In response, EPA released a draft guideline on Demonstrating Best Practice (publication 1517) October 2012.

The guidelines state that best practice:

- Needs to be considered at a site-specific level, including separation distances and consideration of the receiving environment.
- Is preventative, so works built to best practice are less likely to need retrofits.
- Means understating 'all practicable measures', which must have regard to technical, logistical and financial considerations (which is different from meeting absolute (quantified) limits set out in SEPPs or regulations, where cost is not a consideration in assessing compliance).
- Assessment requires comparison with practices used internationally and an assessment of what is reasonably available and achievable.

The guideline outlines the evidence required by works approval applicants to demonstrate compliance with State Environment Protection Policy (SEPP) best practice.

Our corporate capabilities

This year, we've invested a lot of time, resources and energy into delivering on our transformation initiatives.

This includes an intensive training and re-authorisation program undertaken by our EPA Officers, underpinned by the completion of almost all of the Compliance and Enforcement Review recommendations. In a great example of working together, we've replaced many of our existing systems and databases with a new business systems platform. These programs have seen our people

move away from working in their traditional teams to collaborating in cross-organisation groups. This ability to come together has helped us achieve great things this year with much of this work becoming embedded into our daily operations.

Katrina McKenzie
Director Corporate Services

EPA has committed to invest in its people, systems and culture to transform to an effective organisation delivering environmental outcomes for Victorians. Four corporate capabilities were identified:

- Exercise our regulatory powers.
- Apply our knowledge and authority.
- Build strong partnerships.
- Transform to an effective organisation.

EXERCISE OUR REGULATORY POWERS

Compliance and Enforcement Review implementation

An independent review EPA commissioned of its operations as part of the reform of EPA's regulatory approach made 119 recommendations, all of which it committed to implementing by 30 September 2013. The *Compliance and Enforcement Review: A review of EPA Victoria's approach* (publication 1368) can be found on EPA's website. Commitments delivered this year included:

- Reporting on performance on the first half of EPA's Annual Compliance Plan against targets and other compliance and enforcement activities.
- Launching EPA's Engagement Policy covering EPA customer service, and engagement principles and model, and the approach to working with all stakeholders.
- Establishing an internal remedial notice review process that allows duty-holders to request a review of pollution abatement notices and clean up notices.
- Development of an Australian adapted version of the US EPA's BEN (benefit of non-compliance) model to calculate economic savings from delaying or avoiding compliance. EPA is now seeking the appropriate test case to trial the new model, known as NEAT (Non-compliance Economic Assessment Tool). NEAT will assist the court to understand the economic benefit derived from breaking the law so that this can be considered in decisions on penalties and sentences.

EPA aims to complete 117 recommendations by September 2013 and recommendations 8.8 and 11.1 in 2014. For further information on EPA's progress, refer to EPA's website (*Compliance and Enforcement Implementation: Update on progress*, publication 1524).

Authorised Officer training program

The transition of EPA to a modern regulator requires high standards from EPA Authorised Officers (AO). Training plays an important role in this. EPA is committed to a competency-based learning and development program that seeks the following benefits:

- AOs retrained and reauthorised.
- Greater consistency in regulatory decision making.
- Increased confidence, knowledge and support reported by the field.
- Benchmark the role.
- Effective use of regulatory tools.

The program, which also provides a foundation for an Authorised Officer Induction Program, completed the following:

- A competency-based assessment, as based on the whole program, which included attendance and participation, as well as some workshops having assessable components.
- Evidence portfolios based on real work assessed by the project assessment panel. Eight EPA officers were trained in conducting competency-based assessments and achieved three units of competency from the Certificate IV in Training and Assessment as part of being able to conduct objective, robust and fair assessments. They conducted 80+ assessments.

In addition, EPA Technical Learning Guides establish a baseline level of skill and knowledge, and teach officers how to respond consistently, effectively and efficiently. Currently 'Noise' has been developed and published and 'Air' is being piloted.



Highlights of the Authorised Training Program:

- 80+ participants
- 11 days of training per participant.
- One workshop for team leaders and managers.
- Delivery of 48 workshops.
- One e-Learning package - first for EPA.
- Five variations to the final assessment (to cater to the different job roles in the program).
- 84 program days delivered in 11 months (May 2012 to April 2013)
- Existing officer workforce reauthorised
- Five new officers authorised
- Graduation Ceremony at Parliament House, 4 June 2013

APPLY OUR KNOWLEDGE AND AUTHORITY

Research and Development Program

In 2012 EPA partnered with Monash University, RMIT University and The University of Melbourne. This complements core internal research capacity and provides EPA with the best range and depth of expertise, and links it to leading thinkers.

So far EPA has begun five new research and development projects:

- Understanding business behaviour to drive compliance outcomes.
- Technologies for pollution detection and source tracking - surface water environments.
- Future water quality in Victoria.
- Environmental equity - state of the environment and transforming disempowered communities.
- An integrated assessment model for land application of waste.

Additional information is available on EPA's website, along with *Research and Development Program 2013-16*, *EPA's strategic research priorities* (publication 1540).

Science and Engineering Capability Reform

A Science Capability Report of the EPA released in December 2011 made 12 recommendations to be delivered by September 2014. This supports EPA's transformation to a modern regulator by ensuring better access to capabilities to make sure decisions are underpinned by science and engineering.

As a result of this reform, the primary growth in EPA's existing skills will be in the ability for our scientists and engineers to translate and communicate our technical knowledge to multiple audiences. The primary growth in disciplines will be in the areas of noise management, odour management, human health, and the management of land contamination. The overall focus will be on solving current (reactive) and future (proactive) problems for EPA and working with stakeholders in a more multidisciplinary and collaborative way.

Environmental Assessment framework

EPA is reviewing its environmental assessment programs to ensure they meet EPA's and the Environmental Portfolio's needs. In addition to supporting the delivery of the *5-Year Plan*, this work helps to outline what programs should be assessed, to provide scientific evidence to support decision making, compliance and enforcement activities, and to provide clarity to the Portfolio Partners on EPA's role and responsibilities with regards to environmental assessment programs.

6. OUR PERFORMANCE: PROTECTING VICTORIA'S ENVIRONMENT CONTINUED

The review will:

- Set out the need for EPA to collect, analyse and report environmental information for each outcome.
- Guide investment across the outcomes.
- Guide the development, prioritisation and review of existing and new programs in air, water, land, noise and odour.
- Shape assessment programs beyond 2016.

The focus this year has been aligning this work with the Science and Engineering Capability Reform and developing detailed plans for the desired state of assessment programs for each environmental outcome area. This highlights that delivering the project's aims requires significant refocus and, accordingly, the framework will be developed into an Environmental Assessment Program Reform.

BUILDS STRONG PARTNERSHIPS

As a modern regulator, EPA recognise that government, business and the community all share a responsibility to the environment. EPA's *Engagement Policy* sets out the commitment EPA makes to the Victorian community to better enable understanding and participation in its work. EPA's *Environmental Citizenship Strategy* encourages EPA and its stakeholders to foster a culture of accessibility, participation and leadership in the interests of environment protection.

EPA has established a number of reference groups with stakeholders to ensure regular dialogue and the opportunity for early input into new policies, programs or activities. Reference groups include the: Business Reference Group; Water Industry Reference Group, a partnership with VicWater, metropolitan and regional water authorities; Local Government CEO Forum, a partnership with MAV with local government and SV; and the Community Reference Group. The community reference group is set up to give expression to EPA's environmental citizenship program and community perspectives on environment protection, and also provides community with an ability to provide early input to EPA's project activities.

Environmental Equity

Environmental Equity; building policy and practice for the EPA, is one of six Research and Development projects initiated this year. The first stage will develop a stronger understanding, and metrics, to assist EPA in considering the application of Environmental Equity, a key driver in Environmental Citizenship. The project began in March and EPA is working with research partners RMIT, Monash and Melbourne universities, to create a framework for Environmental Equity. This first stage will build consensus and a common understanding of liveability, impact, resilience, community standards, equity and citizenship issues. The next stage will create an EPA Equity Policy with a tool for identifying vulnerable communities.

Harmonisation

Harmonisation has been a key transformation initiative. Activities EPA has undertaken include:

- The Commonwealth Standing Committee on Environment and Water (SCEW) 'Seamless Environmental Regulation Thematic Oversight Group' (SERTOG) deliverable 2 'harmonisation of Regulatory Practice based on an "opt in" model'. In particular, six pilot projects covering issues such as environmental reporting requirements to a contaminated environment network.
- The Australasian Environmental Law Enforcement and Regulators Network, specifically work around a risk-based regulatory approach.
- The Victoria/New South Wales Interstate Reform Partnership, specifically the Environmental Regulatory Harmonisation Program led by EPA Victoria and EPA NSW.
- National Standard setting (e.g. National Plan for Clean Air and Contaminated Environments NEPM)

Under the Joint EPA NSW/VIC Harmonisation Program, the Industry Forum Environmental Regulatory Harmonisation was held in November. The forum gathered additional information directly from businesses across the Victorian-New South Wales border about their harmonisation priorities. EPA will continue to implement its vision for EPA Victoria's National and State Harmonisation transformation. This effort is complemented by a deliberate program of collaboration on the implementation of standards across the country, and work with business representatives to ensure the implementation is done in a way that makes it easier for business to comply; for jurisdictional relationships to enable the sharing of knowledge and expertise; and leading the environmental regulatory sector to continuously improve.

Local Government Strategy

EPA's Social Research indicates that local government's experience of EPA was neither positive nor collaborative. To address this EPA is implementing a Local Government Strategy involving:

- Had Regional Managers attend the Municipal Association of Victoria (MAV) annual conference for a round table conversation with local government representatives on issues and concerns relevant to their local area.
- Established a new Local Government CEO Forum in partnership with MAV, with CEOs from nine councils attending a quarterly discussion with EPA and SV CEOs
- Been actively developing and strengthening relationships with local government.

EPA Business Reference Group

EPA's Business Reference Group (BRG) membership includes representation from Australian Industry Group (AiG); the Plastics and Chemicals Industry Association (PACIA); the Victorian Employers' Chamber of Commerce and Industry (VECCI); VicWater; the Victorian Waste Management Association (VWMA); the Municipal Association of Victoria

(MAV); the Victorian Automobile Chamber of Commerce (VACC); Victorian Farmers Federation (VFF) and the Civil Contractors Federation (CCF).

The EPA BRG is a forum allowing EPA to present on the development and progress of its program and projects. Over the last year the BRG has discussed major reforms such as the Approvals Review; the Compliance and Enforcement Review; Internal Review; EPA's website redesign; enforceable undertakings and the Annual Compliance Plan. The group has also been presented, or discussed and provided feedback on guidelines developed by EPA including the separation distance guidance; EPA's Authorised Officer complaint policy; and best practice guidance.

The group also met in an extraordinary forum to discuss Environmental Citizenship and how it applies to industry and business. The BRG has been a valuable forum to provide EPA with frank advice about the experience of industry and business as EPA transforms to a modern regulator. The BRG is able to provide direct feedback to EPA's executive.

TRANSFORM TO AN EFFECTIVE ORGANISATION

Business Services Reform (BSR)

Having an integrated technical basis to support a cohesive business approach is a major step towards becoming a modern regulator.

Since 2010 EPA has been pursuing consistency, transparency and accountability. The Business Services Reform (BSR) program, the largest program in EPA's 40-year history, focuses on transforming services, processes and systems. To complete these reforms EPA implemented an integrated business system known as "IBIS" that uses SAP technology.

Each roll-out included a comprehensive testing program involving subject matter experts and business users. External users were engaged in pilots and testing groups. IBIS incorporates 58 regulatory processes across licensing and approvals and waste management, compliance and enforcement.

At the end of June, EPA had over 17,000 registered users of the Interaction Portal. This talks directly to IBIS and allows registered users to view current licences, approvals and remedies, submit performance statements and other reports, notify of incidents on sites and track waste movement, and lodge environmental, litter and vehicle pollution reports.

EPA used the consolidated data to assist in developing the Annual Compliance Program, and IBIS enables a consistent method for tracking and reporting on results of such targeted work.

At a practical level, there have been over 425,000 transactions in the new system since the first release. EPA has completed about 2,200 inspections and issued about 450 remedial notices using the integrated tool.

IBIS in action

Discovering a repeat offender

Using IBIS data EPA were able to discover a certain business was a repeat offender and quickly turned a warning into a notice requesting the business address how it managed contaminated water. As the Environment Protection Officer (EPO) said at the time, 'Discovering this particular business had already received a warning was very helpful.'

Improving Media Relations

IBIS provides EPA's Media Relations team with a snap shot of EPA actions and activities and uses this information to drive its media agenda. IBIS compiles a monthly review summarising EPA actions and sanctions imposed. It identifies local trends and can determine the hot issues. As one Media Relations teams member said 'By understanding trends and key issues, EPA can produce attention grabbing press releases for local media informing target audiences and helping them support the environment.'

The Business Systems Reform project is in Budget Paper 4: State Capital Program

Total Estimated Investment (Capital expenditure only)**	Prior period actual capital expenditure	2012-13 actual expenditure	Total project expenditure	Difference
\$ million	\$ million	\$ million	\$ million	\$ million
13.874	8.291	9.752	18.043	(4.169)

** Total Estimated Investment is the amount first reported in the 2012-13 Victorian State Budget Paper 4 (State Capital Program)

Financial note: BSR reached practical completion by the end of 30 June, 2013. The project was first reported in the 2012-13 Victorian State Budget Paper 4 (State Capital Program) with a Total Estimated Investment (TEI) of \$13.874 million. Subsequent to the original TEI being reported, the BSR project Release 1 was delayed. This was due to finalising business requirements and detailed specifications. This part of the project required additional technical staff resources to complete. At the same time as Release 1 was being implemented, Release 2 began resulting in an overlap of project resources and a delay in final implementation. The result of these delays in finalising business requirements, extended implementation time and increased demand for technical resources, was an increase in total capital expenditure \$18.043 million. This was \$4.169 million more than initially estimated.

7. OUR ENVIRONMENTAL PERFORMANCE

Enhancing EPA's role as an efficient and effective regulator has taken top priority for the organisation. Following significant investments over a number of years in improving operational environmental performance, EPA's focus was on maintaining environmental performance and setting practical goals for continual improvement.

EPA's environmental performance is managed and monitored using an Environmental Management System (EMS) framework. EPA has re-evaluated the operational strategy of the EMS. This included establishing the EMS Working Group to support the delivery of important investments in environmental initiatives. Membership includes representatives from across the organisation, including those responsible for: Facilities Management; Information Technology; Corporate Strategy; and Strategic Partnerships.

A key platform of the EMS is the Green Stars program. Green Stars is a collaboration of staff from across EPA with responsibilities for coordinating initiatives aimed at improving operational environmental performance. The Green Stars program was established in 2006 (following the Environment Committee established in 1996) and is integral to EPA demonstrating continual improvement of its EMS. Green Stars continued to maintain functions across the organisation including:

- Identifying and implementing actions to improve EPA's environmental performance
- Encouraging staff commitment and communicating Green Star initiatives to staff

EPA's Executive Management Team has reconfirmed the commitment to improving EPA's environmental performance and aspiring to be leaders in this field. This was demonstrated by obtaining leading NABERS and Green Building Council of Australia ratings and maintaining carbon neutrality as an organisation for the eighth year running.

Table 7.1 Environmental performance targets for 2012-13

Environmental aspect	Target performance	Outcomes
Greenhouse gas emissions	Reduce overall greenhouse gas emissions by 5%	X (+ <1%)
Stationary energy consumption	Reduce EPA's stationary energy consumption per full time equivalent (FTE) by 5%	X (+14%)
Fuel use	Maintain current levels of fuel efficiency	√ (0%)
Waste management	Reduce overall waste produced by 5%	√ (-19%)
	Reduce current levels of waste to landfill by 5%	X (-4%)
	Maintain proportion of total waste that is recycled at 85%	X (81.5%)
Water consumption	Maintain current levels of water consumption	X (+11.2%)
Paper use	Reduce paper use from 7.94 reams to 6 reams per FTE	X (7.1 per FTE)
Transport	Maintain the current levels of employees regularly (>75% of work attendance days) using public transport, cycling or walking to and from work	√ (+4%)

Environmental outcomes start with us

EPA demonstrates environmental leadership by striving to improve its environmental performance year on year. With the largest concentration of staff located at EPA's Head Office, the impact on EPA's environmental performance is heavily influenced by Head Office facilities. One of the most effective initiatives undertaken was the relocation of Head Office to 200 Victoria Street, Carlton. The site was selected for its exceptional environmental design features including certified 6-star 'Design' and 'As-built' ratings through the Green Building Council of Australia. EPA committed to being an anchor tenant for the development and relocated in 2010. To enhance the site's environmental design features, EPA coordinated an interior fit-out for the site that resulted in an additional 6-star 'Office Interiors' rating. In 2012, EPA became the third government organisation in Australia and the first in Victoria to achieve the coveted 6-star trifecta: 'Design'; 'As-built'; and 'Office Interiors'.

Environment performance data

The environmental performance of EPA operations and facilities has been assessed for waste management, energy consumption, water consumption, paper use, transport, sustainable procurement and greenhouse gas emissions.

For the relevant greenhouse gas emission sources, EPA has chosen to use the updated National Greenhouse Accounts Factors released by the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education in July 2013. Where EPA has used a different methodology to other government departments it is clearly stated.

Waste management

EPA sets ambitious waste management performance targets including a target to reduce overall waste generation by 5 per cent. Waste management achievements included:

- 5-star NABERS rating for waste at Head Office
- Implementing a soft plastics recycling trial

Everybody needs good NABERS

Alongside the exceptional 6-star green building design achievements for Head Office, EPA staff members continue to demonstrate efficient practices in energy consumption and waste management. Evidence the EPA is leading in both building and staff environmental efficiency has been confirmed by the achievement of National Australian Built Environment Rating System (NABERS) certification for both energy and waste. EPA's Head Office received a 5.5-star NABERS energy rating in 2011-12 and 2012-13 followed by a 5-star NABERS waste rating in 2012-13. EPA will be committing to maintaining NABERS ratings for 2013-14.

With the introduction of soft plastics recycling, EPA's recycling strategy at Head Office now encompasses five separate recycling streams including commingled, organics, paper, electronic waste (e-waste) and stationery products and soft plastics. In addition to these waste streams, EPA sends outdated equipment (phones and computers) for reconditioning and reuse within the community.

Table 7.2: Total units of waste disposed of by destination (kilograms per year)

	2012-13	2011-12	2010-11	2009-10	
Commingled recycling	3,001	3,959	2,917	2,412	
Organics recycling	5,616	5,838	6,020	5,630	
Paper and cardboard recycling	7,489	11,551	11,542	9,049	
E-waste and office stationery recycling*	993	461	369	77	
Total waste diverted from landfill (recycling)	17,100	21,809	20,849	17,168	
General waste (landfill)	3,883	4,050	3,154	3,821	
Total waste generated	20,983	25,859	24,003	20,990	

* E-waste for 2011-12 onwards includes both work related and personal e-waste products disposed of through EPA collection services provided for staff. Personal e-waste was not included in previous years.

7. OUR ENVIRONMENTAL PERFORMANCE CONTINUED

Waste data for EPA was compiled from two five-day site audits for EPA Macleod offices, one 10-day site audit for EPA Head Office and one five day site audit for all remaining EPA offices. Annual e-waste recycling data was obtained directly from service providers.

EPA achieved an overall reduction in waste generation and total waste disposed to landfill by 19 per cent and 4 per cent, respectively. These results exceeded EPA's waste performance targets. A comparison of total waste generated per FTE reveals a 9 per cent reduction to 65 kg per FTE. This significant reduction in total waste generated has resulted in a small reduction in the overall recycling rate to 81.5 per cent (Table 7.3). Waste audit data is notoriously variable and influenced by specific activities that have occurred during the audit period. In addition, the nature of laboratory activities undertaken at EPA's Macleod site limits the potential waste recycling options available. Waste audits at the Macleod site include other laboratory tenants, complicating the apportioning of EPA specific contributions to waste generation and recycling.

Table 7.3: Total waste by weight recycled

	2012-13	2011-12	2010-11	2009-10
Percentage of total waste by weight that was recycled (%)	81.5	84.3	86.9	81.8

Table 7.4: Total units of waste disposed per FTE (kilograms per FTE)

	2012-13	2011-12	2010-11	2009-10
Commingled recycling	9.24	10.88	7.31	6.07
Organics recycling	17.28	16.05	15.08	14.17
Paper and cardboard recycling	23.04	31.75	28.90	22.78
E-waste	3.06	1.27	0.92	-
General waste (landfill)	11.95	11.13	7.90	9.62
Total waste per employee	64.56	71.08	60.11	52.64

Table 7.5: Greenhouse Gas (GHG) emissions associated with waste to landfill disposal (tonnes CO₂-e)*

	2012-13*	2011-12**	2010-11	2009-10
Paper and cardboard	1.29	0.51	0.62	1.07
Commingled recycling	-	-	-	-
Food	1.59	1.84	1.71	1.58
General waste (landfill)	2.54	2.80	1.52	1.26
Total	5.42	5.15	3.85	3.91

* Emissions factors adopted from National Greenhouse Accounts (NGA) Factors for the relevant reporting year.

Note:

Tables 7.2, 7.3, 7.4, and 7.5 include revised 2011-12 and 2010-11 waste figures. A new calculation methodology was adopted for 2012-13 which incorporates more accurate data available from waste service providers. The difference in results originally reported and the revised results is less than 1 per cent.

Stationary energy

EPA set a target to reduce stationary energy consumption per FTE by 5 per cent. Following a large program of works in 2011-12 which included an Energy Efficiency Opportunities (EEO) review, sub-metering program and equipment and infrastructure upgrades, EPA achieved a 10 per cent reduction in energy usage from 2010-11. In 2012-13 there was a slight 2 per cent increase in total energy consumption, however this remains down 8 per cent from 2010-11. Energy use per FTE also increased due to current numbers of FTE staff. Greenhouse gas emissions from stationary energy use increased by 1 per cent but remain 12 per cent lower than 2010-11 emissions. The proportion of Green Power purchased to offset grid electricity consumption has continued to reduce since 2009-10 as EPA purchases carbon offsets which incorporates offsets for grid electricity.

The most significant energy efficiency opportunity pursued for 2012-13 involved the procurement and installation of power system management software for optimising power consumption across EPA's IT infrastructure. EPA also achieved a 5.5-star NABERS energy rating in 2013 for the second consecutive year.

Table 7.6: Electricity and gas used by EPA in all offices, and electricity consumed by EPA's laboratories and air monitoring stations*

	2012-13	2011-12	2010-11	2009-10
Total energy used (MJ, rounded to nearest 1000)	4,225,000	4,164,000	5,680,000	5,709,000
Total electricity used as energy source (MJ, rounded to nearest 1000)	4,064,000	4,001,000	5,290,000	-
Total natural gas used as energy source (MJ, rounded to nearest 1000)	161,000	163,000	390,000	-
Total diesel used as energy source (MJ, rounded to nearest 1000)	-	-	-	-
Total Green Power used as energy source (MJ, rounded to nearest)	131,000	165,000	2,312,000	5,388,000
Percentage of electricity purchased as Green Power	3	4	44	100
GHG emissions associated with energy use before Green Power purchases (tonnes of CO ₂ -e)**	1,309	1,489	1,862	2,046
Units of energy used per FTE (MJ/FTE)	13,001	11,445	14,223	14,340
Units of energy used per unit of office area (MJ/m ²)	402	365	439	485

* Results provided in table may not add up exactly due to rounding.

** Full fuel cycle emissions factors were used, from the National Greenhouse Accounts (NGA) Factors published annually by the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education.

7. OUR ENVIRONMENTAL PERFORMANCE CONTINUED

Table 7.7: Electricity and gas used by EPA in all offices, electricity consumed by EPA's laboratories and air monitoring stations, and a portion of base building consumption (for shared buildings)*

	2012-13	2011-12	2010-11	2009-10
Total energy used (MJ, rounded to nearest 1000)	6,340,000	6,212,000	6,880,000	7,852,000
Total electricity used as energy source (MJ, rounded to nearest 1000)	6,060,000	5,910,000	6,382,000	-
Total natural gas used as energy source (MJ, rounded to nearest 1000)	272,000	294,000	491,000	-
Total diesel used as energy source (MJ, rounded to nearest 1000)	8,000	8,000	8,000	-
Total Green Power used as energy source (MJ, rounded to nearest)	131,000	165,000	2,325,000	7,245,000
Percentage of electricity purchased as Green Power	2	3	36	100
GHG emissions associated with energy use before Green Power purchases (tonnes of CO ₂ -e)**	1,922	1,897	2,195	2,786
Units of energy used per FTE (MJ/FTE)	19,508	17,076	17,228	18,945
Units of energy used per unit of office area (MJ/m ²)	602	544	532	641

* Results provided in table may not add up exactly due to rounding.

** Full fuel cycle emissions factors were used, from the National Greenhouse Accounts (NGA) Factors published annually by the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education.

Water

EPA set a target to maintain water consumption levels. Although total water use reduced by 29.5 per cent, this reduction was primarily due to a significant water leak at the Macleod Energy Centre during the previous reporting period (2011-12). Excluding water use associated with the Macleod Energy Centre, water consumption for EPA office facilities increased by 11 per cent.

Table 7.8: Water consumption for all sites (both office and non-office)

	Mains water consumption (kilolitres – kL)			
	2012-13	2011-12	2010-11	2009-10
Bendigo	35.34	33.04	36.29	36.88
Dandenong	53.05	62.31	74.00	53.00
Geelong	115.08	109.87	72.50	72.28
Macleod	1,341.32	3,423.39	1,180.56	1,249.00
Head office	2,824.23	2,654.84*	2,961.24	2,864.14
Traralgon	75.42	66.81	69.00	69.00
Wangaratta	143.82	160.88	116.28	69.31
Total	4,588.26	6,511.14	4,509.87	4,413.61

* Head Office data 2011-12 revised to account for changes in EPA occupancy and floor space.

Table 7.9: Water consumption for offices only

	2012-13	2011-12*	2010-11	2009-10
Change in water usage from previous year (%)	+11.2	-12.2	+4.1	-5.6
Water use for offices only (excluding laboratories and other facilities) (kL)	3,583.21	3,222.84	3,668.72	3,523.69
Units of water consumed in offices per FTE (kL)	11.03	8.86	9.19	8.87
Units of water consumed per unit of office area (kL/m ²)	0.34	0.28	0.28	0.30

* Head Office data revised to account for changes in EPA occupancy and floor space.

Paper

EPA's target for paper use was to reduce consumption to 6 reams per FTE. Paper use was reduced by 10 per cent to 7.12 reams per FTE, falling short of the ambitious target. EPA also significantly reduced the quantity of paper used in publications while maintaining online accessibility.

EPA worked to reduce paper use by actively managing paper purchasing through integration of the EMS with facilities management. In addition, the executive team was issued with electronic tablets to reduce the need to print materials. Further progress has been made with a full-scale roll out of 'follow me' printing scheduled after a successful trial. The system is due for implementation by the end of 2013 and will provide enhanced monitoring and analysis capabilities with the potential to influence staff behaviour change and prevent unnecessary and accidental printing.

Table 7.10: EPA office paper use and publications (reams A4-equivalent)

	2012-13	2011-12	2010-11	2009-10
Reams of A4-equivalent paper used per FTE	7.12	7.94	7.18	7.19
Total reams of paper used (A4 equivalent)	2315.0	2889.0	2865.2	2854.8
Percentage of 75-100% recycled content A4-equivalent paper purchased	86.91	94.29	96.20	88.55
Percentage of 50-75% recycled content A4-equivalent paper purchased	0	2.60	0	0
Percentage of 0-50% recycled content A4-equivalent paper purchased	13.09	3.12	3.80	19.09
Total reams of A4-equivalent paper used in publications	449.16	763.05	995.30	N/A
Percentage of publications available electronically	100	100	100	100

Transport

Fleet – vehicle

Protecting Victoria's environment requires EPA to deliver services across the state. EPA maintains an extensive vehicle fleet appropriately equipped to deal with the range of engagement and response activities required. EPA's aim was to maintain levels of vehicle fuel use efficiency. EPA's Fleet Manager has established a monitoring program for fuel use efficiency which aims to optimise the type of vehicles required for EPA travel needs.

Travel between regions and Head Office has been identified as a key opportunity to reduce overall fleet vehicle use. EPA rolled out new video and tele-conferencing facilities to reduce the amount of staff travel required and facilitate better integration across EPA offices.

EPA reduced total fuel consumption by 4 per cent and total kilometers travelled by 3 per cent. Total greenhouse gas emissions also decreased by 2 per cent. Operational activities require certain vehicle capabilities and due to the limited availability of appropriate LPG vehicles, the proportion of 6-cylinder unleaded petrol fleet vehicles has increased from previous years. Despite this change in fleet composition there was negligible impact on fuel use efficiency (energy consumption per 1,000 kilometers travelled).

7. OUR ENVIRONMENTAL PERFORMANCE CONTINUED

Table 7.11: Fleet travel and energy consumption by vehicle type for 2012-13

	Fuel consumption (litres)	Energy consumption (MJ)	Distance travelled (km)	GHG emissions (tonnes CO ₂ -e)	GHG emissions per 1000 km (tonnes CO ₂ -e)
4-cylinder hybrid unleaded petrol	12,148.33	415,472.89	187,969.00	30.01	0.16
4-cylinder unleaded petrol	1,382.70	47,288.34	17,814.00	3.42	0.19
6-cylinder unleaded petrol	41,998.97	1,436,364.77	391,918.51	103.73	0.26
4WD - 4 and 6-cylinder unleaded petrol	18,096.06	618,885.25	161,034.00	44.70	0.28
Commercial - 4 and 6-cylinder unleaded petrol	2,626.91	89,840.32	22,352.00	6.49	0.29
Total unleaded	76,252.97	2,607,851.57	781,087.51	188.34	0.24
4-cylinder diesel	635.28	24,521.81	9,507.00	1.84	0.19
4WD 4 and 6-cylinder diesel	11,082.02	427,765.97	126,979.00	32.13	0.25
Commercial 4 and 6-cylinder diesel	1,172.09	45,242.67	5,587.00	3.40	0.61
Total diesel	12,889.39	497,530.45	142,969.56	37.37	0.26
6-cylinder LPG	19,790.23	518,504.03	156,829.00	33.81	0.22
Total LPG	19,790.23	518,504.03	156,829.00	33.81	0.22
Electric vehicle trial	35.53	127.91	214.00	0.05	0.22
Total all vehicles	108,932.59*	3,624,013.96	1,080,203.51	259.56	0.24

* Total all vehicles fuel consumption does not include electric vehicle fuel use.

Table 7.12: Fleet travel and energy consumption

	2012-13	2011-12	2010-11	2009-10
Total energy consumption by vehicles (MJ)	3,624,014	3,714,507	4,476,207	4,205,356
Distance travelled (kilometres)	1,080,204	1,111,159	1,299,063	1,284,315
GHG emissions (tonnes CO ₂ -e)*	259.56	264.99	312.96	288.55
GHG emissions per 1000 kilometres (tonnes CO ₂ -e)	0.24	0.24	0.24	0.22

* GHG emissions (tonnes CO₂-e) have been calculated using the full fuel cycle conversion factor.

Table 7.13: Percentage composition of entire fleet*

	2012-13	2011-12	2010-11	2009-10
4-cylinder	4	7	9	13
6-cylinder	32	24	14	4
6-cylinder LPG	14	25	30	41
4WD	26	28	25	28
Hybrid	19	14	17	13
Electric	<1	<1	-	-
Commercial	4	3	4	1

* Due to rounding results may not total 100 per cent.

Fleet - boat

EPA's fleet includes boats used for marine and freshwater monitoring activities. Boats were only used for marine monitoring activities. No specific targets were set for boat fuel use or fuel efficiency. Total fuel consumption reduced by 6 per cent.

Table 7.14: Boat travel and energy consumption by fuel type for 2012-13*

Fuel	2012-13		2011-12		2010-11		2009-10	
	Fuel consumption (litres)	GHG emissions (tonnes CO ₂ -e)	Fuel consumption (litres)	GHG emissions (tonnes CO ₂ -e)	Fuel consumption (litres)	GHG emissions (tonnes CO ₂ -e)	Fuel consumption (litres)	GHG emissions (tonnes CO ₂ -e)
ULP	13,830.25	35.43	14,781.72	37.86	15,084.24	38.64	13,894.60	33.07
Diesel	0	0	0	0	0	0	4,067	10.97
Total	13,830.25	35.43	14,781.72	37.86	15,084.24	43.61	17,961.60	44.04

*GHG emissions (tonnes CO₂-e) have been calculated using the full fuel cycle conversion factor.

7. OUR ENVIRONMENTAL PERFORMANCE CONTINUED

Air travel

No target for air travel was established. EPA's air travel results recorded a negligible change with only a 1 per cent increase in total kilometers travelled. The main contribution to this increase was EPA's international engagement activities with trade missions to India, China and Southeast Asia. Greenhouse gas emissions decreased by 5 per cent.

Table 7.15: Total distance travelled by air (kilometers) and GHG emissions associated with air travel (tonnes CO₂-e)

	2012-13		2011-12*		2010-11*		2009-10	
	Distance travelled (km)	GHG Emissions (tonnes CO ₂ -e)**	Distance travelled (km)	GHG Emissions (tonnes CO ₂ -e)**	Distance travelled (km)	GHG Emissions (tonnes CO ₂ -e)**	Distance travelled (km)	GHG emissions (tonnes CO ₂ -e)**
Short-haul (0-500km)	18,359.40	6.65	21,533.02	8.15	52,099.29	19.49	18,342.92	17.90
Medium-haul (500-3,700km)	175,170.66	36.12	249,916.64	52.70	184,445.31	40.44	288,516.12	159.25
Long-haul (3,700+ km)	166,913.11	56.62	84,712.65	44.31	108,991.21	27.49	119,410.88	76.90
Total	360,443.17	99.39	356,162.31	105.16	345,535.81	87.42	426,269.92	254.05

* EPA has revised GHG emissions for 2011-12 and 2010-11 based on recommendations outlined in the Department for Environment, Food and Rural Affairs (DEFRA), UK 2013 guidelines.

** GHG emissions (tonnes CO₂-e) have been calculated using the full fuel cycle conversion factor.

Staff commuting

EPA supports staff to use sustainable transport options for their work commute. This includes providing discounted annual Myki cards, bicycle repair equipment and secure lockup facilities, staff lockers and shower amenities. EPA's Sustainable Transport Users Group also promotes a number of events to encourage environmentally friendly transport options. Events included the 'Walk to Work' and 'Ride to Work' days.

EPA's target was to maintain existing levels of employees regularly using public transport, cycling, or walking to and from work. Staff were surveyed and results showed a slight increase to 70 per cent commuting using public transport, cycling or walking.

Table 7.16: Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, or walking to and from work

2012-13	2011-12	2010-11	2009-10
70	66	83	77

Table 7.17: Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, or walking to and from work between CBD, metropolitan and regional offices

	2012-13	2011-12
CBD	83.20	78.83
Metropolitan	36.36	35.71
Regional	12.50	19.00

Procurement

EPA did not establish purchasing targets. Results showed that EPA maintained previous levels of LCD computer screens and increased the percentage of stationery items incorporating recycled product. The percentage of devices with duplex printing capabilities decreased due to the deployment of inkjet printers in field officer vehicles to provide field officers with enhanced capabilities whilst offsite.

Table 7.18: Key purchasing statistics

	2012-13	2011-12	2010-11	2009-10
Percentage of stationery items made up of recycled product	40	23	N/A	42
Percentage of computer screens that are LCD	100	100	100	100
Percentage of printers, multifunction devices and photocopiers that have duplex capacity	30	100	100	100

Greenhouse gas emissions

For the eighth consecutive year, EPA committed to maintaining the carbon neutral status of the organisation. Total greenhouse gas emissions for stationary energy, vehicle and boat fleet, air travel and waste remained relatively stable with a slight increase of less than 1 per cent. Carbon offsets will be purchased to cover all emissions to achieve a carbon neutral status.

EPA has updated the Greenhouse Inventory Management Plan which provides an extensive summary of calculation methodologies. The Plan demonstrates transparency and accountability as a key aspect of a sustainable organisation.

A greenhouse needs green walls

EPA is committed to demonstrating environmental leadership and supporting initiatives that improve Victoria's environment. A clear example of EPA supporting innovation is the recent installation of green wall design features at EPA's Head Office and Centre for Environmental Studies at Macleod. The green walls are vertically planted, hydroponic systems consisting of a range of plant species. The Head Office green wall consists of over 1,700 plants densely planted across 68m² of the building façade. Green walls have the potential to improve energy efficiency and greenhouse emissions through moderating building temperatures and improve local aesthetics and air quality.

Table 7.19: Summary of GHG emissions (tonnes CO₂-e)

	2012-13	2011-12*	2010-11	2009-10
Total GHG emissions associated with stationary energy use before Green Power purchases (tonnes of CO ₂ -e)	1,922	1,897	2,195	2,786
Total GHGs emissions associated with vehicle and boat fleet**	294.94	302.68	312.96	334.89
Total GHG emissions associated with air travel	99.39	105.16	87.42	254.06
Total GHG emissions associated with waste production	5.42	5.14	3.85	3.90
Total	2,322	2,310	2,599	3,379
GHG emissions offset purchased***	3,210	3,244	3,873	4,821

* 2011-12 GHG emissions have been recalculated using 2012-13 revised methodologies to allow comparison of annual quantities.

** Electric vehicle emissions are counted in stationary energy use and are not included in fleet vehicle totals.

*** EPA's GHG emissions inventory extends beyond this list of emissions sources. Therefore, the number of offsets purchased to be carbon neutral will exceed the total of the above emissions.

8. OUR ECONOMIC PERFORMANCE

Current year financial review

Overview

The Victorian Government considers the net result from transactions to be the appropriate measure of financial management that can be directly attributed to government policy. This measure excludes the effects of revaluations shown on the comprehensive operating statement as other economic flows, which are outside the control of the Authority.

Major changes or factors affecting performance

The Authority achieved a net result from transactions of \$54.0 million; \$41.5 million lower than in 2011-12. Total revenue has trended upwards over the last four years, with a sharp increase in 2010-11, due to the Government's policy decision to increase the rate of landfill levy charged per tonne of waste deposited at a landfill. Total income then fell between 2011-12 and 2012-13, due to the Government's decision to remove appropriation funding to EPA and replace it with a larger share of the landfill levy. Total expense trend growth was faster than inflation between 2009-10 and 2011-12. However, expense growth between 2011-12 and 2012-13 has decreased, broadly matching inflation, consistent with the Government's economic reform agenda.

The overall net result for the period of \$53.0 million largely mirrors the net result from transactions as other economic flows are not usually significant relative to transactions for the Authority.

Significant events

No events have occurred subsequent to the reporting period that would require adjustments to, or disclosures in, the accounts.

Table 8.1: Five year financial summary (\$ thousand)

Five-year financial summary	2013	2012	2011	2010	2009
Income from Government (i)	0	34,394	36,075	36,923	39,402
Total income from transactions	193,077	230,760	196,181	122,028	128,031
Total expenses from transactions	(139,064)	(135,292)	(123,772)	(113,124)	(110,738)
Net result from transactions (ii)	54,013	95,468	72,409	8,904	17,293
Net result for the period	52,994	94,751	71,944	8,273	15,651
Net cash flow from operating activities	65,619	68,737	39,102	4,168	21,948
Total assets	397,405	341,274	239,436	175,343	162,731
Total liabilities	35,835	32,698	25,611	33,024	30,232
Net assets	361,570	308,576	213,835	142,319	132,499

(i) As part of the 2012-13 Budget a decision was made to cease EPA's funding via an accrual-based parliamentary appropriations, this funding source was replaced by a greater share of the Municipal and Industrial Waste Landfill Levies as legislated in the "Environment Protection (Distribution of Landfill Levy) Amendment Regulations 2012". Accordingly, no transactions were funded out of appropriations during 2012-13.

(ii) The 'net result from transactions' is identical to the 'net operating balance' for the general government sector.

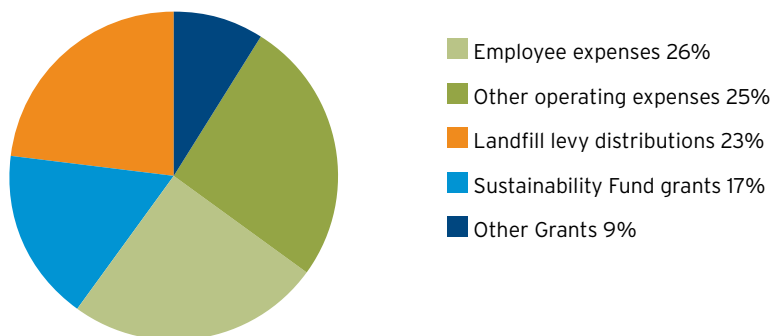
Financial performance and business review

While the Authority's net result from transactions was \$41.5 million lower than the previous year, this was mainly due to lower total income from transactions (\$37.7 million). The Government's decision to replace appropriation funding to EPA with a larger share of the landfill levy, as well as lower than expected waste to landfill tonnages and higher recycling rebates claimed by landfill operators for both municipal and industrial waste streams, contributed to the fall.

Total expenses from transactions were broadly as expected, at \$3.7 million higher than the previous year. Overall, approximately half the expenses contributed to running the Authority's operations, with 26 per cent of the total being for employee expenses and 25 per cent for other operating expenses. Distributions of landfill levy to Waste Management Groups and Sustainability Victoria comprised 23 per cent of the total; and payments from the Sustainability Fund account for projects administered by Sustainability Victoria were 17 per cent. All money paid into the Sustainability Fund is sourced from the landfill levy and all allocations from this fund are jointly made by the Minister for Environment and Climate Change and the Premier. The remaining nine per cent was comprised of various industry grants.

In addition, the overall comprehensive result reduced due to revaluation of the long service leave and doubtful debts provision and the write-off of bad debts relating to litter fine infringements.

Figure 8.1: Total operating expenses by category (accrual basis)



Financial position - balance sheet

Net assets increased by \$53.0 million over the year to \$361.6 million mainly due to increases in total assets of \$56.1 million. Cash holdings increased by \$54.1 million mainly due to surplus landfill levy receipts accruing to the Sustainability Fund account within the Environment Protection (EP) Fund. Total non-financial assets increased by \$6.7 million mainly reflecting investment in the IBIS system release, delivered as part of the Business Services Reform project off-set by depreciation.

Cash flows

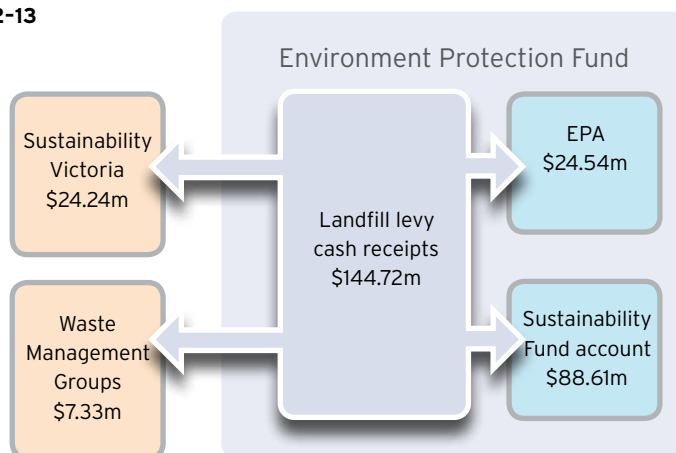
Landfill levy cash receipts and distributions

Victoria charges a landfill levy on each tonne of waste that is disposed to Victorian landfills. Levies apply to municipal and commercial wastes deposited at licensed facilities in Victoria. Revenue receipts raised from landfill levies are held in the EP Fund. This fund is established under the *Environment Protection Act 1970* (s.70) and is managed by EPA Victoria.

Municipal and Industrial landfill levies received in the EP Fund are distributed in accordance with the *Environment Protection (Distribution of Landfill Levy) Regulations 2010*. The regulations stipulate the amounts that metropolitan and regional waste management groups, Sustainability Victoria (SV) and EPA are allocated. The remainder of the money is then transferred into the Sustainability Fund account within the EP Fund, held by EPA.

The EP Fund distributed \$144.72 million in cash from municipal and industrial landfill levies. Sustainability Victoria received \$24.24 million; EPA Victoria received \$24.54 million; and waste management groups received \$7.33 million of landfill levy funds. The remaining landfill levy funds, \$88.61 million, was transferred to the Sustainability Fund account (see Figure 8.2).

Figure 8.2: Distribution of landfill levy in 2012-13



Sustainability Fund

Sustainability Victoria manages the expenditure of funds from the Sustainability Fund and maintains the Sustainability Fund Secretariat for this purpose. All money paid into the Sustainability Fund is sourced from the landfill levy (see Figure 8.2) and all allocations from the Sustainability Fund are jointly made by the Minister for Environment and Climate Change and the Premier.

9. OUR PEOPLE

Our Commitment

EPA is committed to providing an employment environment that embraces diversity, honours flexible working practices and workplace safety, offers support and opportunities for growth and development, and recognises and rewards people for their achievements.

2012-13 Highlights

Over the past 12 months activities in the area of People and Culture reflect the progress in positioning EPA as an employer of choice. This is demonstrated in:

- Completion of phases (A) (B) and (C) of our Workforce Strategy including a comprehensive consultation process that was widely acknowledged for its thorough and in-depth methodology. The strategy will be created in the first half of the new financial year.
 - A new learning and development calendar, methodology and structure for 2013-2014.
 - Creation of a draft 3-Year Safety Plan and new "Pledge" brand with associated marketing campaign. This is designed to improve safety performance and staff members' connection and engagement with the subject matter.
 - A 92 per cent response rate to the April 2013 Organisational Cultural Inventory (OCI)TM survey - remarkable considering that it was held only nine months after the previous survey.
 - The advancement of a new leadership development program (phase 2) for roll-out in the first quarter of the 2013-2014 financial year. The program will be applied from team-leader level and above, and includes assessments to validate the skills and motivation of EPA's leaders. It is built on the ADKAR (Awareness, Desire, Knowledge, Ability, and Reinforcement) organisational development approach.
 - Reigniting the Expertise Framework through a stakeholder engagement afternoon. This work is continuing and should greatly enhance accountability and any areas of resistance.
 - A new approach to staff establishment through the Org Plus Enterprise Solution. This will result in sophisticated chart and demographic reporting that is based on realtime numbers.
 - The integration of Learning and Development and Safety from separate software systems into the CHRIS 21 human resource information system. This will enhance EPASS and the risks associated with people data.
 - A new focus on stakeholder engagement regarding facilities management. This change is primarily being felt at the Centre for Environmental Services office.
- Further embedding the VPS Values through the Guiding Behaviours Framework.
 - Renewed work on knowledge management in Human Resources.

Workforce Strategy

In early 2013 EPA recognised the need for a resourcing strategy to help support and drive achievement of the *5-Year Plan*, and to ensure we had the "right people, in the right place, at the right time".

Development of the Workforce Strategy commenced in January 2013 and will be carried out in four phases:

1. Agreement of the overarching business strategy.
2. Current workforce preparedness to deliver on the work plan.
3. Prioritisation of business requirements.
4. Forward planning to close the gaps.

The first three phases are now complete and confirmation of the establishment positions for the 2013-14 financial year is in place. The final product will be delivered in December 2013.

Managing and improving our organisation

In the second half of 2012, the Organisational Development, Learning and Development, and Knowledge Transfer areas were aligned to create EPA's Organisational Capability team, resulting in significant opportunities for information sharing and effective internal partnering. The four pillars of activity under the Organisational Capability banner are cultural transformation, leadership development, developing our people, and knowledge transfer.

Our Culture

Managing cultural change is a strategic imperative for EPA. Over the past year we have continued to make progress towards EPA's preferred culture as measured by:

1. Organisational Cultural Inventory (OCI)TM (Human Synergistics International) - annually.
2. People Matter Survey (State Services Authority) - annually.
3. Culture Pulse Survey (internal) - quarterly.

EPA's people are keen to provide feedback, and be involved in cultural change, as demonstrated by the significant response rates achieved for each measure.

Results show that over 2012-13 we made progress in:

- Achieving a more consistent cultural experience across the organisation. While some units continue to experience challenges, in general, staff are reporting a more constructive cultural experience and a greater level of work satisfaction.
- A reduction in critical and avoidant behaviour - people are more open to ideas and to taking responsibility for their actions.
- A strong, and continuing, culture of support for each other in all areas.

Results also reveal opportunities for further cultural change. Specifically:

- Employees are generally satisfied with internal services but indicate improvements are needed in information management and technical systems.
- Guiding behaviours are generally demonstrated by our leadership but not consistently demonstrated by everyone across the organisation.
- EPA's individual performance planning systems (LEAP) and processes could be improved.

These themes pinpoint four areas of focus for the 2013-14 cultural plan:

1. Strengthening EPA's focus on achievement (for delivery and for demonstration of guiding behaviours) by clarifying expectations and individual commitments, and through greater consistency in holding people accountable.
2. Supporting ideas for innovative thinking and quality improvements, and sponsoring more effective communication of ideas.
3. Ensuring employees are able to fulfil their roles by removing technical barriers and improving information management.
4. Continuing to strengthen and develop the talent of our people.

Developing our leaders

Capable leadership is at the core of cultural transformation and the delivery of strategic outcomes. Based on feedback from our cultural surveys EPA commenced a leadership development program in 2012-13 to establish a model of leadership that encompasses consistency, transparency, and excellence across all leadership levels.

The program's design is based on the ADKAR change management model. During 2012-13 the program focused on building awareness of the requirements of leadership. The next phase will focus on individual assessments and use a range of tools to build individually-tailored practical development programs.

Developing our people

In 2012-13, People and Culture re-established a framework for continuous learning at EPA. Alignment of the Learning and Development systems and processes has resulted in consistency and coordination across EPA's internal Learning and Development providers, which ensures efficient and targeted development activities. This supports establishment of the corporate capabilities that are identified as strategic priorities in the *5-Year Plan*.

Achievements for 2012-13 include:

1. Development of an over-arching Learning and Development strategy to align activities across the organisation, and ensure focused and connected development of corporate capabilities.
2. Development of EPA's People Development Plan, which clusters learning activities into four key areas for the organisation. These are Leadership and Culture, EPA Operations and Systems, Technical Expertise, and Professional Development.
3. Launch of the first Annual Development Calendar, which is driven by development needs as identified by the *5-Year Plan*, annual Unit Plans and individual performance plans (LEAPs). The calendar is organised according to the People Development Plan clusters, ensuring that training and development activities have a clear purpose, and outcomes that are aligned with EPA priorities.

Aligning Learning and Development at EPA allows more efficient and lower cost procurement from external suppliers, and efficiencies in linking development offerings across EPA. This process will continue throughout 2013-14, and focus on further improvements in policies, systems and procedures.

In 2012-13, EPA ran a total of 64 internal courses for staff with 4,251 hours of staff training conducted. This equated to approximately 13 hours of training per employee. These figures do not include Authorised Officer training, IBIS training or any external training courses.

Knowledge Transfer

2012-13 saw the integration of the Knowledge Transfer team into the People and Culture Unit. This has allowed greater focus on succession planning, and managing the transfer of skills, knowledge and experience from employees who are retiring or leaving the organisation.

EPA continues to support the development and sharing of expertise through Knowledge Transfer Services and the Expertise Framework pilot project that identifies our experts and provides systems to access their advice.

Supporting our employees

Recruitment

EPA is committed to applying merit and equity principles when appointing staff. Our selection processes conform to Section 8 of the *Public Administration Act 2004*, ensuring decisions are based on merit, fairness, equity, and freedom from discrimination. These processes have recently been updated as part of our Workforce Strategy.

9. OUR PEOPLE CONTINUED

Induction

EPA's objective is to provide a workplace that is free of harassment, discrimination, victimisation and bullying. To ensure our people understand these expectations we provide equity and diversity training, conducted by the Victorian Equal Opportunity and Human Rights Commission (VEOHRC), as part of our induction framework.

Comprehensive induction programs cover EPA operations, policies, and legislative obligations (including OH&S), workplace culture, performance expectations, and requirements for adherence to the public sector values outlined in the Code of Conduct for Victorian Public Sector Employees (Public Sector Standards Commissioner, 2007).

Working Flexibly

EPA's Managing Flexible Working Arrangements policy provides a range of flexible work options that allow all employees to achieve a balance between meeting the requirements of their roles, and managing their personal and family lives. Provision of flexible working arrangements including flexi time, part-time hours, compressed working weeks, annualised working hours and phased retirement exceeds the requirements of the Victorian Public Service Workplace Determination 2012.

Managing and valuing diversity

We take pride in the diverse nature of our workforce. Our policies, support for staff, and ongoing information dissemination actively promote workplace diversity through:

- Fostering and valuing diversity in recruitment and career progression.
- Ensuring equitable and fair treatment for all employees in all matters.
- Respecting and upholding human rights.

Underpinning these activities, and ensuring we meet our legislative obligations, is a comprehensive suite of policies covering:

- Diversity, Equity and Human Rights at Work.
- Preventing and Managing Discrimination, Harassment and Bullying.
- Making and Reviewing Decisions (Grievances).
- Preventing and Resolving Conflict at Work.

The Diversity, Equity and Human Rights at Work policy includes incorporating diversity and human rights principles into business planning processes, enabling improved diversity reporting and access to the opportunities, ideas and perspectives provided by a diverse workforce.

Expectations established in our Guiding Behaviours Framework and enforced through our performance management systems reinforce our commitment to the public sector values outlined in the Code of Conduct for Victorian Public Sector Employees, and our requirements for a workplace free of discrimination, harassment, victimisation and bullying.

EPA's nine VEOHRC-trained Contact Officers are an integral part of this process, and provide confidential support and information about EPA's relevant policies and procedures. Options for resolving complaints include referral to the Employee Assistance Program, informal or formal resolution, mediation, and other support involving the People and Culture unit. New employees are trained on the Equal Opportunity Act as part of their induction with two participants in 2012-13.

In 2012-13 there was one formal report of discrimination against EPA. The complaint was lodged with the Victorian Equal Opportunity and Human Rights Commission and was successfully resolved. As a result of this report, management will be trained in conducting grievance discussions and the process for handling grievances within EPA will be reinforced to prevent a recurrence of the circumstances that led to the original complaint.

Managing Community Stakeholder Diversity

The nature of EPA's work requires our Authorised Officers to facilitate community meetings. These range from schools near sites with significant noise to residential communities with pollution issues. Our Inclusive Engagement – Designing Accessible EPA Engagement Activities guidelines and checklists ensure EPA officers are able to provide equal access to everyone from the hearing or visually impaired to those with a physical or intellectual disability, or at financial or social disadvantage.

Disability Action Plan

EPA's Diversity, Equity and Human Rights at Work policy, and our Disability Action Plan support equity of employment for people with disabilities and allow them to fully participate and work effectively at EPA. This year, our actions have included:

- Continued improvement in physical access to EPA facilities for persons with a disability.
- Reducing barriers to disabled people seeking to obtain and maintain employment, and develop their careers with EPA.
- Promoting inclusion and participation in EPA community activities.
- Achieving tangible improvement across our organisation in attitudes and practices that discriminate against people with a disability.

Young people

EPA's workforce is made up of 29 per cent under the age of 35. This is compared with 32 per cent last year.

During the period, EPA supported the development of its emerging young leaders through participation in the following programs:

- The Young Institute of Public Administration Australia (YIPAA) mentoring program (three places).
- Chairman's Ambassador Program (two places).

The Chairman's Ambassador Program provides high-potential employees with an opportunity to conduct research with other regulatory organisations while representing EPA overseas.

Women

Women comprise approximately 55 per cent of EPA's total workforce and are represented at all levels of our organisation. In addition to our Chairperson, we have:

- Executive Management Team: 33 per cent of members are women.
- Leadership Team: approximately 39 per cent of members are women.

Aboriginal affairs

EPA strives to ensure all affected stakeholders, including indigenous groups, are well informed and invited to participate in relevant actions.

The size of EPA's workforce precludes us from participation in the Karreeta Yirramboi initiative (the Victorian Government's plan to improve public sector employment outcomes for Aboriginal Victorians). Nonetheless, EPA is committed to providing opportunities to people with indigenous backgrounds, and this commitment is currently being incorporated into the development of our updated Workforce Strategy.

A Safe and Healthy Workplace

EPA's occupational health and safety objective is 'zero harm', which means every employee, contractor and visitor to an EPA workplace is protected from any physical, psychological or potential harm or injury, as far as practicable. The aim is for the health, safety and wellbeing of every employee to be an integral consideration in everything EPA does. To achieve this EPA aims to:

- Establish and embed a comprehensive and universal safety culture.
- Develop committed, resourced and trained leadership.
- Encourage and empower its employees to take responsibility for their own health and safety practices.

During 2012-13 EPA provided ergonomic assessments, completed quarterly inspections to identify any workplace hazards, and implemented a health and wellbeing program funded through a WorkSafe WorkHealth grant. Other activities during the year included a Safety Expo during

WorkSafe Week, participation in the Global Corporate Challenge, and the provision of flu vaccinations and weekly fresh fruit.

To ensure ongoing improvement of our Occupational Health and Safety (OH&S) management a comprehensive review was completed during the year and a 3-year OH&S strategic plan developed. A companion marketing and communications plan incorporates a new safety-awareness focus for implementation in 2013-2014.

EPA met all recommendations from the AS4801 audit and maintained certification after a surveillance audit in May 2012. The Australian Standard is an external framework for auditing an organisation's OH&S management system to ensure a systematic approach in managing health and safety.

OH&S policies and procedures

All EPA OH&S policies and procedures are developed in accordance, and are consistent, with the *Occupational Health and Safety Act 2004*, *Occupational Health and Safety Regulations 2007* and the *Accident Compensation Act 1985*. The Victorian Public Service Workplace Determination 2012 covers the formal agreement with the CPSU regarding issues and obligations for OH&S.

OH&S Committee

EPA's OH&S Committee meets quarterly and is the central forum for discussing and communicating health and safety issues within the organisation. The Committee consists of elected Health and Safety Representatives (HSR), deputy HSRs and managers, and is chaired by the CEO. There are 26 members (around 6.9 per cent of the total number of EPA staff) who attend Committee meetings.

Through HSR representation of designated workgroups the Committee ensures employees are actively involved in decisions regarding their health and safety in the workplace, and follow the appropriate issue resolution procedures when required.

Incident Management

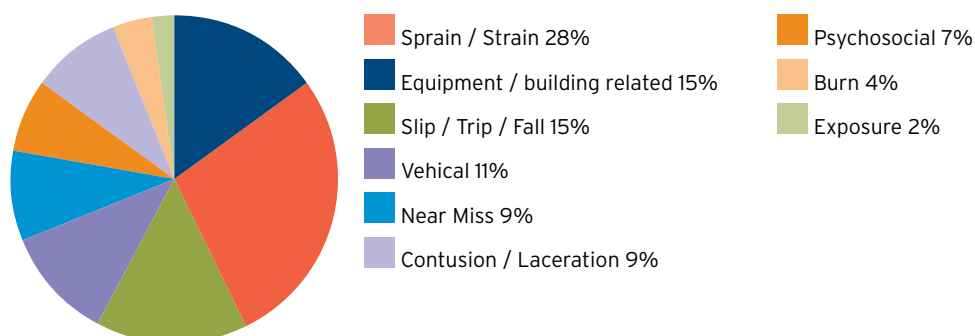
EPA saw a reduction in the number of reported incidents in 2012-13, of which 53 per cent resulted in an injury. Sprains and strains and slip/trip falls were the most frequent source of injury while there was a reduction in the number of psychosocial incidents.

Field work involves EPA employees attending environmental incidents, responding to pollution and emergency reports, and entering a wide variety of non-EPA facilities and workplaces and represents the most significant identified risk for EPA. The number of field work-related incidents (30 per cent of all incidents) reflects the significant amount of work done in the period to manage this risk, including training, development of procedures, identifying appropriate equipment, and the commitment of EPA employees to their safety and safe work practices.

9. OUR PEOPLE CONTINUED

The chart below shows the frequency of incidents per incident-type over the 2012-13 year. The majority are office-based incidents supporting the need for raising awareness of safe behaviour at work. This will be addressed in the Pledge campaign being launched in 2013-14.

Figure 9.1: Incidents reported



There were five (three standard and two minor) WorkSafe Insurance claims lodged in 2012-13.

Employee Assistance Program (EAP)

EPA's Employee Assistance Program provides confidential professional counselling for employees and their immediate family members for personal or work related problems. Face to face counselling is provided during business hours or telephone counselling 24 hours a day.

In 2012-13 there were 68 employees who accessed EPA's Employee Assistance Program. A total of 76.5 hours of counselling support was provided and covered a wide range of work and personal related issues. Work relationships, conflict and vocational issues were nominated as the primary work-related reasons for referral with depression/anxiety and mental health issues nominated as the major personal issues for referral.

The EAP also provided critical incident debriefing, training and career outplacement support throughout the year.

Table 9.1 EPA's performance against OHS management measures

Measure	Key Performance Indicator	2010-11	2011-12	2012-13	
Incidents ¹	No. of Incidents	83	65	47	
	Rate per 100 FTE	18.7	15.4	13.6	
	Injury Rate	2.54	1.87	1.79	
	Lost Time Injury	7	3	5	
	Lost Time Injury Frequency Rate	8.74	4.16	7.21	
Claims	Number Standard Claims	6	4	3	
	Rate per 100 FTE	1.35	0.95	0.92	
	Number of lost time claims	2	2	2	
	Rate per 100 FTE	0.45	0.47	0.57	
	Number of claims exceeding 13 weeks	1	2	2	
Claim costs ²	Average net cost per standard claim	\$57,021	\$35,703	\$77,739	
Return to work	Percentage of claims with RTW plan <30 days	85%	50%	84%	
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IPRs).	Completed	Completed	Completed	
	Compliance with agreed structure on DWGs, HSRs, and IRPs.	Completed	Completed	Completed	
Risk management	Percentage of workplace inspections completed	78%	89%	72%	
	Number of AS4801 external audit recommendations	N/A	10	4	
	Percentage of AS4801 external audit recommendations actioned	N/A	100%	100%	
People matter survey	Employees in my organisation are encouraged to report health and safety incidents and injuries	98%	98%	97%	
	Number of respondents	282	322	237	

1 Data sourced from EPA's *Integrum* as at 30 June 2013.

2 Data sourced from *WorkSafe Victoria* as at 30 June 2013.

Comparative workforce data

All EPA employees are covered by the Victorian Public Service Workplace Determination 2012 except for executives who have individual employment contracts under the *Public Administration Act 2004*.

The following table provides EPA workplace statistics as at the last full pay period of 2012-13 and 2011-12 reporting years.

Table 9.2: Full Time Equivalent (FTE) staffing trends from 2009 to 2013

2013	2012	2011	2010	2009
325	364	419	397	401

9. OUR PEOPLE CONTINUED

Table 9.3: Summary of employment at June 2012 and 2013

	Ongoing employees				Fixed term and casual employees
	Employees (head count)	Full time (head count)	Part time (head count)	FTE	FTE
June 2013	328	267	61	305.58	19.3
June 2012	349	281	68	325	38.8

Table 9.4: Summary of employment levels at June 2012 and 2013

		2013			2012		
		Ongoing employees Number (head count)	Ongoing employees (FTE)	Fixed-term and casual employees (FTE)	Ongoing employees Number (head count)	Ongoing employees (FTE)	Fixed-term and casual employees (FTE)
Gender	Male	148	145.10	7	160	157.6	19
	Female	180	160.48	12.3	189	167.4	19.8
	Total	328	305.58	19.3	349	325	38.8
Age	Under 25				4	3.8	-
	25-34	94	89	6.6	102	97.7	18
	35-44	120	106.87	7.9	122	107.84	13
	45-54	68	64.91	3	70	66.48	6
	55-64	44	42.8	1.8	47	45.4	1.8
	Over 64	2	2		4	3.8	-
	Total	328	305.58	19.3	349	325	38.8
Classifications*	VPS Grade 2	6	5.7		11	9.5	5
	VPS Grade 3	61	56.43	6.8	70	65.7	10.8
	VPS Grade 4	115	107.38	1	116	108.8	6
	VPS Grade 5	103	94.87	3.6	109	99.7	7
	VPS Grade 6	43	41.20	1.9	42	40.4	3
	STS				1	1	-
	EO			6	-	-	7
	Total	328	305.58	19.3	349	325	38.8

*Classification includes Science Aligned Grades expressed as their VPS equivalent.

Table 9.5: Number of employees by classification and gender for 2012-13

	Males	Females	Total
EO1 Grade 1	1		1
EO3 Grade 3	3	2	5
STS			
VPS Grade 2	2	4	6
VPS Grade 3	24	44	68
VPS Grade 4	51	65	116
VPS Grade 5	50	57	107
VPS Grade 6	24	21	45
Total	155	193	348*

*This figure represents a head count of ongoing, fixed-term and casual employees.

Table 9.6: Breakdown of full time equivalents by classification and gender for 2012-13

	Males		Females		TOTAL
	Ongoing FTE*	Fixed term & casual FTE	Ongoing FTE	Fixed term & casual FTE	
EO1 Grade 1		1			1
EO3 Grade 3		3		2	5
STS					
VPS Grade 2	2		3.7		5.7
VPS Grade 3	20.6	2	35.83	4.8	63.23
VPS Grade 4	50.5		56.88	1	108.38
VPS Grade 5	49.4		45.47	3.6	98.47
VPS Grade 6	22.60	1	18.61	0.9	43.11
Total	145.10	7	160.48	12.3	324.88

*An ongoing position is a position which has no end date.

Table 9.7: Number of separations of ongoing staff in 2011-12 and 2012-13 apportioned by gender.

	2012-13		2011-12	
	Males	Females	Males	Females
Under 25			-	-
25-34	6	7	3	15
35-44	4	4	8	8
45-54	4	4	3	2
55-64	5	4	5	2
Over 65	2	1	1	-
Total	21	20	20	27

9. OUR PEOPLE CONTINUED

Table 9.8: EPA staff locations across Victoria

Workforce by region:

Work Location	%
Head Office-Carlton	72.41
Macleod (CES)	11.78
Southern Metro	2.30
South West	3.45
North West	3.16
North East	3.45
Gippsland	3.45

Executive officer data**Table 9.9: Breakdown of Executive Officers by gender, including variance from previous reporting period and vacancies.**

Classification	Male		Female		Vacancies
	Number	Variance	Number	Variance	Number
EO Grade 1	1	-	-	-	-
EO Grade 2	-	-	-	-	-
EO Grade 3	3	1	2	-	-
Total	4	1*	2	0	0

*One Director was seconded to DEPI.

Table 9.10: Reconciliation of executive numbers

		2013	2012
	Executives with remuneration over \$100,000 (Financial Statements note 41)	6*	6
Add	Vacancies (Table 2)		
	Executives employed with total remuneration below \$100,000	-	-
	Accountable officer (Chairman)	1	1
Less	Separations	1	-
	Total Executive numbers at 30 June 2013	6	7

*One Director was seconded to DEPI.

10. OTHER DISCLOSURES

Attestation

I, John Merritt, certify that the Environment Protection Authority Victoria has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2009 or its successor) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures.

The Risk and Audit Committee verifies this assurance and that the risk profile of the Environment Protection Authority Victoria has been critically reviewed within the last 12 months. The Environment Protection Authority Victoria is committed to the continual improvement of its Risk Management Culture and the embedding of risk management principles as a business enabler.

Signed



John Merritt

Chief Executive Officer Environment Protection Authority (Victoria)

Insurance Attestation

I, John Merritt, certify that EPA Victoria has complied with Ministerial Direction 4.5.5.1 - Insurance.

As part of the annual insurance renewal process, EPA has:

- Determined the appropriate level of insurance in consultation with the VMIA based on EPA's risk profile; and
- Maintains a current register of all insurance.

Due to low deductibles, the EPA does not record the value and basis for valuation of self-insured retained losses.

Signed



John Merritt

Chief Executive Officer Environment Protection Authority (Victoria)

10. OTHER DISCLOSURES CONTINUED

Available information

Information listed below (as per the Financial Reporting 22D of the *Financial Management Act 1994*) is held at EPA's Head Office in Melbourne, located at 200 Victoria Street, Carlton, and is available on request, subject to the *Freedom of Information Act 1982*.

- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications produced by EPA about itself, and where they can be obtained.
- Details of changes in prices, fees, charges, rates and levies charged by EPA.
- Details of any major external reviews carried out in respect of the operation of EPA.
- Details of major research and development activities undertaken by EPA.
- Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken by EPA to develop community awareness of EPA and its services.
- Details of assessments and measures undertaken to improve occupational health and safety of employees not otherwise detailed in the report of operations.
- A general statement on industrial relations within EPA, and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by EPA, the purpose of each committee, and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

In addition, EPA confirms that:

- Declarations of pecuniary interests have been duly completed by all relevant officers of EPA.

Freedom of information

The *Freedom of Information Act 1982* provides a legislative framework for access to documents held by Victorian Public Sector organisations. It is underpinned by the principle that people have the right to access information that is held about them.

Making a request

Access to information under Freedom of Information (FOI) is obtainable through a written request, as detailed in section 17 of the Act. Applications must be as detailed and specific as possible so that the EPA FOI Officer can identify and locate relevant documents. All applications must include the statutory \$25.70 Application Fee (from 1 July 2012). This fee does not include the costs for the provision of access to the requested material.

An FOI request can be made by writing to:

The Freedom of Information Officer

EPA Victoria GPO Box 4395
Melbourne VIC 3001

In the reporting period there were 46 FOI requests (a decrease from 74 in the previous reporting period) comprising two requests from MPs, four from the media and the remainder from legal groups representing clients, commercial firms, community groups and individuals seeking information.

Of the 46 requests, three were withdrawn, and 12 (with due dates outside of the reporting period) are yet to be decided. Of the remaining 31 requests, 20 responses were prepared within the statutory reporting period of 45 days, five responses within five extra days, nil within an extra 10 days, and six over 10 days (in consultation with the applicant).

Of the total requests received, nil went to internal review (from 01 December 2012 all FOI reviews are conducted by the FOI Commissioners Office). In addition, of the requests received during 2012-13, none of the applicants applied to the Victorian Civil and Administrative Tribunal for a review of the Authority's decision.

Information privacy

Understanding the privacy rights of all individuals is important to EPA as it collects, handles and uses personal information in everyday operations.

Staff currently receive training in the *Information Privacy Act 2000* and Information Privacy Principles. Advice to the public on how personal information is protected and how people can lodge a privacy complaint is explained in EPA's privacy policy, which can be found on EPA's website.

No privacy complaints were lodged with the Privacy Commissioner in 2011-12.

Compliance with the *Building Act 1993*

EPA does not own or control any buildings. However, it complies with the building and maintenance provisions of the *Building Act 1993* to the extent that it is responsible as a tenant in leased premises.

National Competition Policy

In 1995, all Australian governments (federal, state and territory) agreed to review and, where appropriate, reform all existing legislative restrictions on competition. Under National Competition Policy, the guiding legislative principle is that legislation, including future legislative

proposals, should not restrict competition unless it can be demonstrated that:

- The benefits of the restriction to the community as a whole outweigh the costs
- The objectives of the legislation can only be achieved by restricting competition.

EPA continues to comply with the requirements of the National Competition Policy.

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience, simply as a result of government ownership, should be neutralised. EPA continues to implement and apply this principle.

Implementation of the Victorian Industry Participation Plan

In October 2003, the Victorian Parliament passed the *Victorian Industry Participation Policy Act 2003*, which requires public bodies and departments to report on the implementation of the Victorian Industry Participation Policy (VIPPP). Departments and public bodies are required to apply VIPPP to all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria.

Details of contracts commenced to which the VIPPP applied are as follows: nil

Compliance with the *Protected Disclosures Act 2012*

The *Protected Disclosures Act 2012* ('PD Act') enables people to make disclosures about improper conduct within the public sector without fear of reprisal. It aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a 'protected disclosure'?

A protected disclosure is a complaint of improper conduct by a public officer or a public body.

Environment Protection Authority (EPA) Victoria is a "public body" for the purposes of the PD Act.

What is 'improper conduct'?

Improper conduct is defined by section 4 of the PD Act. It includes conduct that constitutes :

- substantial mismanagement of public resources; or
- substantial risk to public health or safety or the environment; or
- corrupt conduct.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

How do I make a 'Protected Disclosure'?

A protected disclosure that relates to the Environment Protection Authority (EPA) Victoria, or an employee or board member of the EPA, can be made by contacting EPA or Independent Broad-based Anti-corruption Commission (IBAC) on the contact details provided below.

How can I access Environment Protection Authority (EPA) Victoria's procedures for the protection of persons from detrimental action?

Environment Protection Authority (EPA) Victoria has established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about Environment Protection Authority (EPA) Victoria or its employees. You can access Environment Protection Authority (EPA) Victoria's procedures on its website.

Contacts

Environment Protection Authority (EPA) Victoria

Protected Disclosures Officer
Environment Protection Authority
Address: 200 Victoria Street, Carlton Victoria 3053
Mail: GPO Box 4395, Melbourne Victoria 3001
Phone: (03) 9695 2798
Internet: www.epa.vic.gov.au
Email: protected.disclosure@epa.vic.gov.au

Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria

Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3001.
Mail: IBAC, GPO Box 24234, Melbourne Victoria 3000
Phone: 1300 735 135
Internet: www.ibac.vic.gov.au

Disclosures under the *Protected Disclosures Act 2012* and the *Whistleblowers Protection Act 2001*

The PD Act came into force on 10 February 2013, replacing the *Whistleblowers Protection Act 2001* ('Whistleblowers Act') which was repealed in 2013. As the change of legislation occurred during the course of the 2012-2013 financial year, the following disclosures are made for the purpose of satisfying the relevant reporting requirements of the PD Act and Whistleblowers Act for the relevant time periods.

PD Act

EPA Victoria did not receive any disclosures which required notification to the IBAC under section 21(2) of the *Protected Disclosures Act 2012* for the period commencing on 10 February 2013 and ending on 30 June 2013.

Whistleblowers Act

The procedures established under the Whistleblowers Act are available upon request. The disclosures detailed in Table 10.1 relate to the period commencing on 01 July 2012 and ending on 09 February 2013.

10. OTHER DISCLOSURES CONTINUED

Table 10.1 Disclosures made to EPA Victoria and Ombudsman's recommendations

	2012-13	2011-12	
	Number	Number	
The number and types of disclosures made to Environment Protection Authority (EPA) Victoria during the year (1 July 2012 to 9 February 2013):			
Public interest disclosures	-	-	
Protected disclosures	-	-	
The number of disclosures referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures	-	-	
The number and types of disclosed matters referred to the public body by the Ombudsman for investigation	-	-	
The number and types of disclosures referred by the public body to the Ombudsman for investigation	-	-	
The number and types of investigations taken over from the public body by the Ombudsman	-	-	
The number of requests made by a whistleblower to the Ombudsman to take over an investigation by the public body	-	-	
The number and types of disclosed matters that the public body has declined to investigate	-	-	
The number and types of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	-	-	
Any recommendations made by the Ombudsman that relate to the public body:			
Recommendation regarding file security and management	-	-	

11. OUTPUT RESULTS: STATUTORY ACTIVITIES & ENVIRONMENT PROTECTION

Table 11.1 Statutory activities and environment protection results

Performance measures	Unit of measure	2012-13 Target	2012-13 Actual
Quantity			
Environmental condition research reports issued, improvement tools, guidelines, policies, systems and plans completed and issued	Number	54	63 ¹
Increase in EPA notices issued for illegal dumping of waste	per cent	46	68 ²
Quality			
Hours during which air quality standards were met, as a proportion of hours in the reporting cycle	per cent	99	97 ³
Land audits submitted by EPA appointed auditors are reviewed to ensure compliance with statutory requirements and guidelines	per cent	90	94
Notices complied with by due date or escalated in line with Compliance and Enforcement policy	per cent	90	69 ⁴
Timeliness			
Pollution incident reports acted on within three days	per cent	92	99 ⁵
Works approvals and licences completed within required timelines	per cent	96	91 ⁶
Cost			
Total output cost	\$ million	151.4	139.1 ⁷

Notes:

1. The implementation of EPA's Compliance and Enforcement Review required EPA to update and review a range of policies, fact sheets and guidance material throughout the year. This work has contributed to EPA exceeding the target.
2. The Illegal Dumping Strikeforce program exceeded its 2012-13 target of 46 notices as a result of a continued high level of focus from the organisation. Further illustrating this focus, the program completed in excess of 235 inspections (including inspections as part of investigations).
3. The lower result (97 per cent) was due to the results of the Brooklyn industrial precinct air monitoring. EPA has a targeted campaign to address air quality issues in Brooklyn (the program will continue in 2013-14). EPA is committed to ongoing monitoring and reporting to the community on air quality in this area. Due to dust impacts on air quality, Brooklyn's monitoring results detrimentally affect the measure of overall Victorian air quality.
4. The 2012-13 actual is lower than the 2012-13 target due to a major reform of EPA IT systems. Reporting against this measure not available until October 2013.
5. The higher 2012-13 actual is due to the implementation of a new IT system which automates and tracks the previously manual allocation and prioritisation of pollution reports, and improved system support to field officers.
6. The 2012-13 actual was lower than the 2012-13 target due to higher than anticipated community interest in a number of projects.
7. The lower than anticipated output cost is associated with the timing of payments from the Environmental Protection Fund.

12. STATEMENT OF EXPECTATIONS FOR REDUCING RED TAPE

In 2013, the Minister for Environment and Climate Change, the Hon. Ryan Smith MP, issued a reducing red tape *Statement of Expectations* to the Environment Protection Authority. The government's *Environmental Partnerships* (Department of Environment and Primary Industries) highlights the transformation of EPA into a more effective, accountable and risk-based regulator, and its increased enforcement and compliance effort. This Statement reinforces that transformation.

The Statement sets out the Minister's expectations of EPA to reduce red tape costs for business. It sets red tape reduction targets for some key EPA compliance processes and activities and requires EPA to report on progress against these targets as part of its annual reporting.

The Statement encourages EPA to achieve these targets through process improvements and by adopting a risk-based approach without compromising its environment protection objectives. EPA's approach to this is outlined on page 11.

The Statement includes measures EPA will take to meet these expectations and targets that will contribute to the Government's target to reduce red tape by 25 per cent by 1 July 2014.* EPA's approach to this is outlined on page 11.

**Reporting against the Minister's Statement of Expectations, which incorporates performance reporting against statutory and target timeframes, replaces previous reporting in response to the 2009 VCEC Report "A Sustainable Future for Victoria: Getting Environmental Regulation Right", recommendation. Full progress on these targets will be reported in 2013-14.*

Table 12.1 Measures and targets for reducing red tape

Measure	Target for 2013-14
Works Approvals	
Average time taken from receipt of a draft works approval application to the acceptance of an application for assessment (that is, the pre-application period)	Reduce from an average of five weeks in 2012-13.
Percentage of proposals relating to works exempt from the requirement to prepare a works approval ¹	In the order of 20%-The average time for 2012-13 should be published in EPA's 2012-13 Annual Report.
Average time taken from acceptance of an application for assessment of a works approval to decision (that is, during the statutory period, under section 19B of the Act)	Reduce by a minimum of 20% compared to 2011-12-As reported in EPA's 2011-12 Annual Report, the average time in 2011-12 was 3.8 months.
Emergency Approvals	
Number of emergency approvals issued under section 30A of the Act ²	Reduce by a minimum of 20% compared to the average number over the five years from 2008-09 to 2012-13.
Clean up to the extent practicable (CUTEP) decisions	
Average time taken by EPA for a CUTEP decision following submission / notification from an environmental auditor	Reduce by 60% to 56 days in 2013-14 compared to 135 days in 2010-11.
Percentage of CUTEP decisions exempt from approval by EPA (that is, decision made by auditor)	10% by 2013-14 compared to 0% currently.
Environmental Auditor Appointments	
Percentage of appointed auditors on longer appointment periods (that is, decrease the frequency of reappointments) ³	Increases (by 150%) to 20% by 2013-14 compared to 8% in 2011-12.

1. Through application of the grounds for exemption under the Act and the Environment Protection (Scheduled Premises and Exemptions) Regulations 2007.

2. Major upset conditions and unforeseen events will continue to require an emergency approval.

3. EPA is proposing to utilise longer term appointments, nominally five years, but the exact period will vary on individual circumstances and for work scheduling purposes, but that these should be closer to five years than the alternative of two years.

13. EPA ANNUAL PLAN 2012-13 - COMMITMENTS & KEY INDICATORS

Table 13.1 Status of EPA Annual Plan 2012-13 Commitments

STATUS Key ✓ MET; ! - IN PROGRESS OR PARTIALLY MET; X - NOT MET.

DEAL WITH PAST POLLUTION		
2012-13 COMMITMENTS	Status	Comments
Finalise our <i>Contaminated Environments Strategy</i> and begin implementation.	✓	Publication No. 1511, Refer pg 12.
Pilot a project which identifies and prioritises potentially contaminated sites in a municipality to develop a model for future statewide application.	X	Developed a risk tool as a priority. This activity will now be considered through the <i>Contaminated Environments Strategy</i> .
Using a risk-based approach, inspect and review the management of contaminated sites and ensure controls and clean up measures are in place to minimise harm to human health and the environment.	✓	Refer pg 12.
Work towards a whole-of-Victorian Government approach to the management of contaminated sites.	✓	
Streamline the environmental audit system and ground-water approvals.	✓	Refer pg 11 and 12.
Provide information to the public concerning polluted groundwater and the risks it poses.	✓	Refer pg 12.
2012-13 INDICATORS		
Implementation of the <i>Contaminated Environments Strategy</i> in line with milestones.	✓	Refer pg 12.
90 sites on the Priority Sites Register inspected.	✓	Refer pg 12.
TACKLE CURRENT ENVIRONMENTAL ISSUES		
TACKLE CURRENT POLLUTION		
2012-13 COMMITMENTS	Status	Comments
Pollution and emergency response		
We will respond to the highest risk pollution reports based on transparent criteria.	✓	
Maintenance: Licences		
EPA will inspect 300 licence sites.	✓	Refer pg 21.
All Annual Performance statements (APSs) will be subject to a preliminary assessment.	✓	
Maintenance: Landfills		
On a risk basis EPA will inspect and review the performance of a high proportion of both open and closed landfills. The inspections will focus on ensuring that plans for the long-term management of actual or potential environmental impacts are in place.	✓	Refer pg 13.
Conduct detailed desktop assessments of landfill levy statements and coordinate independent audits of landfill sites to verify that statements reflect the waste actually deposited.	✓	Refer pg 13.

13. EPA ANNUAL PLAN 2012-13 - COMMITMENTS & KEY INDICATORS CONTINUED

TACKLE CURRENT ENVIRONMENTAL ISSUES		
2012-13 COMMITMENTS	Status	Comments
Maintenance: Regulatory requirements and statutory approvals		
EPA will undertake assessments of a sample of high risk sites and companies involved in the following programs: - Environment and Resource Efficiency Plan (EREP) - National Pollutant Inventory (NPI) program - Prescribed Industrial Waste (PIW) vehicle permits - waste transport certificates.	√	Due to competing priorities, not as many of these assessments were undertaken as anticipated
EPA will also conduct inspections of: - ships for domestic ballast water compliance - selected sites registered to test vehicle noise and emission compliance - businesses with works approvals, commissioning approvals, notifiable chemical orders, PIW hazard classifications, research and development approvals and emergency discharge approvals.	√	Due to competing priorities, not as many of these assessments were undertaken as anticipated
Strategic Hotspots		
North West Improvements in broiler farm management through the issuing of remedial notices and targeted engagement with operators.	√	Refer pg 19.
North East Work closely with the City of Wodonga to achieve environmental improvements, particularly in relation to odours in the Killara area, which have been a significant concern to residents.	√	Refer pg 18.
Metropolitan Melbourne Monitor environmental impacts in the Brooklyn area of western Melbourne to ensure improvements in odour and dust controls are maintained.	√	Refer pg 13-17.
South West Address noise concerns in the North Geelong and the Port Campbell gas plants. EPA will work with local businesses to improve noise control measures and reduce the impact on local communities.	√	Refer pg 21.
Southern Metro Addressing environmental issues associated with landfills and compost operations in the Clayton and Dingley areas. EPA's focus will remain on the SITA Hallam Road landfill where odours continue to affect residents. Remedial notices issued to operators will continue to be actively monitored.	√	Refer pg 18.

TACKLE CURRENT ENVIRONMENTAL ISSUES

2012-13 COMMITMENTS	Status	Comments
<p>Gippsland</p> <p>Improvements in environmental performance from coal processors in the Morwell area. The aim is to ensure that pollution control equipment is appropriate and environmental risks are being managed.</p>	✓	Refer pg 19.
Strategic: Operations strategy		
<p>Investigating new issues:</p> <ul style="list-style-type: none"> - run-off from construction sites - odour, noise and other environmental issues associated with dairy processing facilities. 	✓	Preliminary field work in 2012 was conducted to understand the risks and impacts of the construction industry. Based on the available evidence, the risk associated with this issue was assessed as lower than other priority environmental problems. No further strategic work was carried out during the year and resources were diverted to higher risk activities including electroplating and automotive dismantling.
<p>Continue to implement programs to address:</p> <ul style="list-style-type: none"> - land and stormwater contamination from automotive body repairers and parts recyclers - heavy metal stormwater contamination from the surface finishing industry. 	✓	Refer pg 20.
Strategic: Illegal Dumping		
Investigate those who illegally dump construction and demolition waste.	✓	Refer pg 19.
Prosecute those who are found to have dumped waste.	✓	Refer pg 19.
2012-13 INDICATORS		
300 licence sites inspected.	✓	Refer pg 21.
90 per cent of notices complied with by the due date or escalated in line with the Compliance and Enforcement Policy.	X	Refer pg 19 and 63.
Operations strategies are implemented in line with milestones.	✓	
Continued reduction in odour and air quality events in Brooklyn.	X	Improvements were made in odour and dust but not for air quality. Refer pg 13-17 and 63.
For landfill and composters in the Clayton and Dingley area where there is evidence that they are causing odour, remedy based statutory tools are in place to address the problems.	✓	Refer pg 18.
46 notices for illegal dumping issued.	✓	Refer pg 63.

13. EPA ANNUAL PLAN 2012-13 - COMMITMENTS & KEY INDICATORS CONTINUED

TACKLE CURRENT ENVIRONMENTAL ISSUES		
PLANNING AND DEVELOPMENT		
2012-13 COMMITMENTS	Status	Comments
Supporting planners by: <ul style="list-style-type: none"> - identifying needs of planners for further published advice and guidance. - mapping ways to publish new guidance for planners. 	✓	Refer pg 31-33.
Defining EPA's approach to planning by: <ul style="list-style-type: none"> - reviewing EPA's current approach to planning and development decisions and adopting a risk-based approach to action on those decisions. - publishing EPA's amended approach to planning. 	✓	Publication 1487; Refer pg 31-32.
Actively engaging with statutory and strategic planners in government and industry to highlight technical environmental risks in land use planning and development decisions.	✓	Refer pg 31-32.
Working with the whole of Victorian Government to better integrate environmental protection in the planning system.	✓	Refer pg 31-32.
2012-13 INDICATORS		
Continued implementation of the planning strategy in line with milestones.	✓	Refer pg 31.
Planners increasingly satisfied with and understanding EPA guidance.	✓	As social research data was not collected for 2012-13, this has been based on direct feedback received by EPA.
SHAPE THE ENVIRONMENTAL FUTURE		
2012-13 COMMITMENTS	Status	Comments
Implement joint EPA/DEPI recommendations for a new statutory policy framework.	✓	Refer pg 32-33.
Undertake a study into the economic and social burden of environmental noise.	✓	
Work towards national and state harmonisation in targeted areas, for example: <ul style="list-style-type: none"> - develop the National Plan for Clean Air. - continue to provide input to the development of the revised Contaminated Land National Environment Protection Measure (NEPM). - continue to be involved in and implement priority projects under the national Waste Thematic Oversight Group. - play a leading role in harmonising regulatory practice in priority areas. 	✓	Refer pg 36.
Improve and remake regulations in different segments of the environment including: <ul style="list-style-type: none"> - remaking the <i>Environment Protection (Vehicle Emissions) Regulations 2003</i>, which set standards for motor vehicle air and noise emissions. 	✓	Refer pg 33.

SHAPE THE ENVIRONMENTAL FUTURE

2012-13 COMMITMENTS	Status	Comments
Review EPA's Stormwater standards-Stormwater Best Practice Environmental Management Guide.	✓	Refer pg 34.
Implement new Fees Regulations, which better reflect cost recovery.	✓	Refer pg 33.
Work with DEPI on Victoria's Waste Policy Review with the aim of minimising waste sent to landfill.	✓	Refer pg 32 and 33.
Commence review and updating of high priority guidelines, to ensure our guidance is targeted and relevant.	✓	Refer pg 33-34.
Implement recommendations from the operational review of EPA's approvals system.	✓	Refer pg 11.
Embark on the second year of our social research program. By tracking changes experienced by business, the public and other organisations we aim to continually improve our performance.	✓	In 2012-13, EPA continued with its outcomes of the Social Research Program. Highlights included delving into the first round of data to understand what we've collected, (see page 10 for an example), working to adjust the scope as our <i>5-Year Plan</i> matures, and going to public tender for a research provider for the next phase-2014-2016, to be appointed by August. Results will be released on an ongoing basis as we feed back what we've learnt regarding continually improving programs and activities with relevant groups, and highlights in the annual report.

2012-13 INDICATORS

EPA expertise and information is fed into national policy development for identified areas.	✓	Refer pg 32 and 36.
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CORPORATE CAPABILITIES

2012-13 COMMITMENTS	Status	Comments
Exercise our regulatory powers		
Implement 35 of the 119 recommendations from the 2010-11 Compliance and Enforcement Review.	✓	Refer pg 34 and 72-80.
All EPA operations' Authorised Officers will complete the Authorised Officer Training Program including competency-based training and assessment.	✓	Refer pg 35.
Apply our knowledge and authority		
Embed science and engineering capability reform in EPA so our science and engineering knowledge and skill is aligned to the needs of the <i>5-Year Plan</i> .	✓	Refer pg 35.
Continue work on EPA's Environmental Assessment Framework by implementing a monitoring, evaluation and reporting framework for the <i>5-Year Plan</i> environmental outcomes, namely, air, land, water, noise and odour.	✓	Refer pg 35.
Commence research and development projects with EPA's Strategic University Partners in areas relevant to <i>5-Year Plan</i> environmental outcomes.	✓	Refer pg 36.

13. EPA ANNUAL PLAN 2012-13 - COMMITMENTS & KEY INDICATORS CONTINUED

CORPORATE CAPABILITIES		
2012-13 COMMITMENTS	Status	Comments
Continue to recognise and develop experts within our organisation appointing Principal Experts for air quality (includes odour), water quality (surface water, groundwater and marine) and contaminated sites. Noise expertise will be captured through knowledge harvesting.	✓	Refer pg 51.
Build strong partnerships		
Release and embed EPA's environmental citizenship and equity strategy.	✓	Refer pg 36.
Foster contribution and collaboration		
Work towards national and state harmonisation. More broadly, we will exchange knowledge and experiences with other regulators so we are increasingly efficient in delivering our work.	✓	Refer pg 36.
Implement EPA's local government engagement strategy, focusing on providing support for noise, dust and water pollution issues. EPA remains committed to improving the level of support for its local government partners.	✓	Refer pg 36.
Develop key relationships and programs with our co-regulators. There will be a focus on contaminated site management, extractive industry regulation and asbestos issues.	✓	
Implement our industry engagement strategy. The strategy is being developed with support and input from our Business Reference Group which comprises of representatives from major industry groups.	✓	Refer pg 36.
Embed EPA's new customer service charter which commits us to, amongst other things: - consistent and predictable service. - providing regular updates on enquiries and requests. - explaining our decisions, processes and actions clearly.	✓	
Transform to an effective organisation		
Continue the major reform of our core business services and their related systems.	✓	Refer pg 37.
Continue to improve our risk management culture.	✓	
Continue to build our preferred culture through reward and recognition, sound workforce planning and developing our leaders.	✓	Refer pg 50-51.
2012-13 INDICATORS		
Thirty-five recommendations from the Compliance and Enforcement Review are implemented.	✓	
Increase in confidence by staff and target audiences that EPA's decision making reflects the use of evidence and knowledge.	✓	
Target audience strategies are implemented in line with milestones.	✓	
EPA's business services reform is implemented in line with milestones.	✓	

SECTION 14: EPA'S TRANSFORMATION OVERVIEW

		Transformation initiatives*	Status at the end of 2012-13	
CORPORATE CAPABILITIES	Exercise our Regulatory Powers	<ul style="list-style-type: none"> • Confidently & consistently communicate & apply the law • Use the full range of our regulatory powers, skills & tools • Understand causes & sources of harm to prevent environmental impacts • Provide authoritative & constructive compliance advice 	<ol style="list-style-type: none"> 1. Compliance and Enforcement Reform 2. Licence Reform 3. Approvals Review 4. Statutory Policy Review 	<ol style="list-style-type: none"> 1. In progress - Refer Compliance & Enforcement Recommendations 2. Complete 3. Complete with reform to be implemented in 2013-14 4. In Progress
	Apply our Knowledge & Authority	<ul style="list-style-type: none"> • Use knowledge & evidence for: <ul style="list-style-type: none"> - authoritative decision-making - strategy, priorities and evaluation • Develop and maintain our expertise and networks 	<ol style="list-style-type: none"> 5. Expertise Framework 6. Environment Assessment Framework 7. Research and Development Strategy 8. Science & (Engineering) Capability Reform (Phase 1 of 3) 	<ol style="list-style-type: none"> 5. In Close Out 6. In Progress 7. Complete 8. In Close Out
	Build Strong Partnerships	<ul style="list-style-type: none"> • Build cooperation to harmonise environmental regulation • Work effectively with our coregulators • Work with government, business and the public 	<ol style="list-style-type: none"> 9. National and state harmonisation on priority issues 10. Local Government and Co-Regulators Strategy 11. Community Engagement and Citizenship Strategy 12. Industry Engagement Strategy 13. Customer Services Reform 	<ol style="list-style-type: none"> 9. Complete 10. Complete 11. Complete 12. Complete 13. Complete
	Transform to an Effective Organisation	<ul style="list-style-type: none"> • Build strong governance • Ensure integrated systems & processes • Develop positive culture & talented people • Maintain financial sustainability 	<ol style="list-style-type: none"> 14. Review of Act 15. Governance Charter 16. Risk Management Culture 17. Business Systems (Services) Reform 18. Information Management Action Plan 19. Project Governance Model 20. Website Redevelopment 21. Organisational Alignment & Role Clarity 22. People and Culture Strategy 23. Leadership Development Program 24. Reward and Recognition Strategy 25. Finance Reform 26. Financial Assurance Reform 	<ol style="list-style-type: none"> 14. Complete 15. Complete 16. Complete 17. Complete 18. Complete 19. Complete 20. Complete 21. Complete 22. Complete 23. Complete 24. Complete 25. In Close Out 26. In Close Out

* The 26 initiatives are outlined in the EPA 2011-12 Annual Plan.

15. COMPLIANCE & ENFORCEMENT RECOMMENDATIONS

Table 15.1 Progress with compliance and enforcement recommendations

Chapter 3 - EPA's approach to regulation	
3.1 That EPA define the concept of 'client focus' in the context of EPA's core role as the environmental regulator.	Complete 2011-12
3.2 That EPA amend the Client Strategy Framework to clearly identify the role of CRMs in a regulatory context and their involvement (if any) in relation to enforcement.	Complete 2011-12
3.3 That EPA publish a policy on the use of information obtained by CRMs in their interaction with businesses.	Pending formal close out
3.4 That EPA broadly promote the concept of being a modern regulator and define this in accordance with the principles of compliance and enforcement outlined in the proposed Compliance and Enforcement Policy. A regulator that is: targeted; proportionate; transparent; consistent; accountable; inclusive; authoritative; and effective.	Complete 2011-12
Chapter 4 - Environmental licensing	
4.1 That EPA provide guidance to licensed businesses on the frequency and type of monitoring that should occur in the most common industries. Such guidance would include positions on matters such as type of monitoring, qualifications of person undertaking testing, location of testing and frequency.	Complete 2012-13
Chapter 5 - Response to pollution incidents	
5.1 That litter reports and pollution reports from members of the public are acknowledged by EPA in writing where practical with a system put in place where possible to indicate the outcome of the report.	Complete 2011-12
5.2 That EPA undertake audits of pollution reports and compare these to notifications from industry to ascertain whether there is non-compliance with licence conditions requiring notification.	Complete 2011-12
5.3 That EPA clearly outline its jurisdiction in relation to pollution to air, water and land, noise, odour and litter in a plain English guide to reporting.	Complete 2011-12
5.4 That EPA provide plain English guidance to clarify the meanings of key terms such as pollution and environmental hazard.	Complete 2011-12
5.5 That EPA identify those issues that are shared with local government and other agencies and prioritise these for addressing uncertainty as to primary regulatory responsibility.	Complete 2012-13
5.6 That EPA encourage businesses who are the subject of frequent pollution reports to establish reporting arrangements with the local community.	Complete 2012-13
5.7 That EPA provide information on its website indicating the contact details for any local environmental reporting services operated by businesses and encourage first reports to be made directly to the operator, with the option of subsequently reporting directly to EPA.	Complete 2012-13
5.8 That EPA require the establishment of local environmental reporting services in appropriate cases where there has been a breach of environmental laws as an effective means of dealing with future complaints and ensuring the responsibility of business to work with local communities.	Complete 2012-13

Chapter 5 - Response to pollution incidents continued

<p>5.9 That as part of its Business Systems Reform Project, EPA provide a mechanism by which pollution reports can be categorised and systematically analysed in relation to the following parameters:</p> <ul style="list-style-type: none"> • source of report including whether the source is a member of the public, another business, or other agency. • reports emanating from particular premises or locations. • reports that may relate to the same incident. • previous reports relating to particular premises or locations and any trends. • reporting across geographic areas. • trends in reports and incidents over time. • the statutory tool (pollution abatement notice or licence) or action (pollution abatement notice, direction, prosecution) resulting from the report. • The system should also provide for a record to be made of any decision following triage of the report and feedback to reporters at an appropriate milestone. • The system should be capable of capturing whether an attendance by EPA resulted from a complaint so that the number of visits or inspections in relation to pollution reporting can be tracked and reported upon. 	Pending formal close out
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Chapter 6 - Role of compliance advice

6.1 That EPA promote awareness of a broad duty of care to the environment, the EP Act and EPA by educating the community in general and non-licensed businesses.	Complete 2011-12
6.2 That EPA review its website to ensure it is accessible and navigable and that information is current.	Complete 2011-12
6.3 That EPA publish a plain English Guide to the <i>Environment Protection Act 1970</i> and fact sheets targeted to business and community readers.	Complete 2011-12
6.4 That EPA clearly articulates a hierarchy for statutory and non-statutory guidance that would explain the purpose for which each type of guidance is provided and adopt a clear naming convention that would be applied consistently to its publications. The hierarchy and naming conventions would make clear the legal status of the publication.	Complete 2011-12
6.5 That EPA develop and publish EPA Positions to provide clear and authoritative interpretations of the law and <i>State Environment Protection Policies</i> . These would provide guidance to duty-holders where there are problems with interpreting the law or policies.	Complete 2012-13

Chapter 7 - A new model for compliance and enforcement

7.1 That EPA articulate its policy regarding the role of human health in environment protection, its relative importance and EPA's approach to preventing impacts on human health and wellbeing.	Complete 2012-13
7.2 That EPA adopt a risk-based model for its compliance and enforcement activity in licensed and unlicensed premises as outlined in this chapter.	Complete 2012-13
7.3 That EPA incorporate into this (risk based compliance & enforcement) model responsive elements that consider the attributes of regulated entities including their level of culpability in determining the appropriate enforcement response as outlined in this chapter.	Complete 2011-12

Chapter 8 - Compliance monitoring and inspections

8.1 That EPA undertake a risk assessment and prioritisation of licensed premises to inform its compliance monitoring activity at the start of each annual planning period.	Complete 2012-13
8.2 That EPA undertake a categorisation of licensed premises to set time limits between inspections of licensed premises in order for all licensed premises to receive at least one inspection during a specified period.	Complete 2012-13
8.3 That EPA undertake an assessment of the state of the environment each year based on available data in order to inform its compliance plan, and to ensure that it proportionately targets compliance monitoring and resourcing to areas causing the biggest environmental harm, where it has the capacity to influence and effect improvements.	Complete 2012-13

15. COMPLIANCE & ENFORCEMENT RECOMMENDATIONS CONTINUED

Chapter 8 - Compliance monitoring and inspections continued

8.4 That EPA prepare an Annual Compliance Plan explaining its priorities for compliance monitoring and determine an appropriate proportion of compliance monitoring to non-licensed premises according to the cumulative risks they pose.	Complete 2011-12
8.5 That EPA create a dedicated lead role for operational strategy development, independent of compliance operations and program delivery with clear accountability for developing a compliance plan and compliance programs.	Complete 2010-11
8.6 That EPA publish its Compliance Strategies and Plans and broadly promote them to the community and businesses to encourage compliance and foreshadow its enforcement priorities.	Complete 2011-12
8.7 That EPA align the operating model for Authorised Officers in its head office Pollution Response Unit and Environmental Performance Unit with that currently applied in regional offices, providing for generalist Authorised Officers capable of undertaking pollution response as well as proactive compliance inspections.	Complete 2011-12
8.8 That EPA assign dedicated specialist resources to applying a systematic audit-based approach to complex industrial facilities including major hazard facilities and landfills.	In Progress
8.9 That EPA explore opportunities to collaborate with other regulators responsible for managing risks at complex industrial facilities.	Complete 2012-13

Chapter 9 - Enforcement tools: and overview of regulatory tools available to EPA

9.1 That EPA monitor the number of environmental audits being commissioned and whether these have been required by a notice or direction from EPA to ensure that the audits are being appropriately commissioned and not imposing costs on businesses that are disproportionate or unnecessary.	Complete 2012-13
9.2 That EPA reposition abatement notices as a remedial tool that is constructive and provides for the remedy of a breach of legislation, regulation or policy or the control of an environmental risk.	Complete 2011-12
9.3 That EPA adopt a policy that in the event of a substantive breach being detected by an Authorised Officer or an environmental risk requiring remedy, unless the breach or risk can be remedied in the officer's presence, an abatement notice should be issued.	Complete 2011-12
9.4 That EPA Authorised Officers adopt a procedure for abatement notices to be provided to respondents in draft to allow for any issues of clarification to be raised, and to arrange realistic timeframes for compliance, unless by reason of urgency this is not practicable.	Complete 2011-12
9.5 That EPA seek an amendment of the EP Act to remove the service fee under section 60C of the EP Act, which applies to the issue of a pollution abatement notice.	Complete 2011-12
9.6 Where possible, that EPA include in the abatement notice the following: <ul style="list-style-type: none"> • the nature of the breach or the environmental risk to be managed; • written explanation for the reasons for forming this view; • what action is required by the notice or direction; and • outline one way of achieving compliance where this is practicable, or alternatively pointing to other sources of guidance or advice to achieve compliance; • where there is avenue of appeal, this also be included. 	Complete 2011-12
9.7 That EPA urgently document procedures to confirm the purpose of the respective tools and how they ought to be used. In particular, that EPA provide guidance to EPA staff as well as regulated businesses regarding how it will interpret 'urgent' for the purposes of issue of a minor works notice.	Complete 2011-12
9.8 That EPA remove the administrative limit of \$50,000 imposed in the delegation to Authorised Officers to issue pollution abatement notices.	Complete 2011-12
9.9 Where line management approval is required to revoke a notice as being complied with, that EPA delegate powers to Regional Managers to revoke such a notice.	Complete 2011-12
9.10 That EPA confirm in its instrument of revocation where appropriate that a notice such as a pollution abatement notice or minor works notice has been complied with, and that this is the reason for the revocation.	Complete 2011-12

Chapter 9 - Enforcement tools: and overview of regulatory tools available to EPA continued

9.11 That EPA relax the requirement on Authorised Officers to confirm the legal entity to whom a notice is issued by exercise of the power in section 55(3D) in circumstances where the occupier is a licence holder and the holder of a reformed licence	Complete 2011-12
9.12 That in order to confirm the importance of a notice as a legislative instrument, ensure transparency and maximise the preventative and deterrent effect of notices, EPA: 1. Publish a list of notices issued by EPA issued on EPA's website with an "Enforcement" home page established to centralise information regarding EPA's use of enforcement. This is particularly important in the case of post-closure Pollution Abatement Notices which may remain in force for many years - where the community has a clear entitlement to know. Careful consideration will be required as to whether non-compliance with a notice should also be published. 2. Include on its website a clear description of the different types of notice and the penalties which apply to non-compliance. 3. Issue a standing instruction as part of EPA's operating procedures requiring the reattendance of an Authorised Officer at a premises to check compliance with notice conditions. More complex notices and those with longer duration may require multiple visits to check progress towards compliance. 4. Issue an instruction that notice compliance dates should only be extended in writing using a common template, and a business rule should preclude extensions of time after the date for compliance has expired. 5. Communicate EPA's campaign to follow-up on notice compliance broadly and transparently to maximise compliance with notice conditions and deter non-compliance.	1. Pending formal close out 2. Complete 2010-11 3. Complete 2011-12 4. Complete 2011-12 5. Complete 2011-12

Chapter 10 - EPA Investigations

10.1 That EPA explore ways of improving data quality and ensuring accountability for data entry in order for Step + data to be more accurate as to the number and timeliness of major investigations and prosecutions.	Pending formal close out
10.2 That EPA examine any trends in this data to improve the timeliness of investigations and process steps leading to prosecution.	Complete 2011/13
10.3 That the Enforcement Review Panel continue to operate and continue to be required to review recommendations for enforcement decisions involving the issue of official warnings, infringement notices, and endorsing major investigations.	Complete 2010-11
10.4 That the Enforcement Review Panel's Terms of Reference be revised to delete the following roles for the Panel: • to provide high level direction to investigations as required; and • to review the timeliness and consistency of investigations and enforcement recommendations' and that these roles be confirmed as the accountability of the Director Environmental Services.	Complete 2011-12
10.5 That the Panel should include a fourth member without enforcement responsibilities to ensure independence and sufficient challenge.	Complete 2010-11
10.6 That the Director, Environmental Services and the Director, Client Services be required to support any referrals from officers in their respective Directorates in order for the referral to be tabled at the Enforcement Review Panel.	Complete 2011-12
10.7 That the roles of the respective members, including the role of Solicitor be properly articulated in the Enforcement Review Panel's Terms of Reference.	Complete 2011-12
10.8 That referring officers and investigators be entitled to attend the Enforcement Review Panel to explain their referrals and hear deliberations.	Complete 2011-12
10.9 That decisions of the Enforcement Review Panel and reasons for those decisions be recorded, provided to referring officers and available to all relevant staff.	Complete 2011-12
10.10 That EPA continue to maintain a separate specialist unit to undertake major investigations.	Complete 2010-11

15. COMPLIANCE & ENFORCEMENT RECOMMENDATIONS CONTINUED

Chapter 10 - EPA Investigations continued

10.11 That where investigators or informants are placed in regional offices, these should report through the Enforcement Unit to maintain independence.	Complete 2012-13
10.12 That EPA investigators take statements from EPA staff. In appropriate cases to ensure independence of expert opinion, EPA should consider retaining suitably qualified external expertise in its major investigations.	Pending formal close out
10.13 That EPA allocate a solicitor to support the Enforcement Unit in undertaking investigations by providing on-call legal advice to support investigators in the field and guide investigations.	Complete 2010-11

Chapter 11 - Prosecutions

11.1 That EPA significantly increase the level of prosecutions in order to ensure there are fair and appropriate consequences for serious offences under the EP Act.	In Progress
11.2 That EPA educate community and business on the lessons to be learnt from environmental incidents and prosecutions, and to maximise the deterrent effect of prosecutions by publicising the factual circumstances and outcomes of prosecutions.	Complete 2012-13
11.3 That EPA publish factual accounts of all prosecutions undertaken on its website. These accounts should include identifying information regarding the Court and Court proceedings, and an account of the circumstances of any incident or breach and any remedial action to maximise the deterrent and educative effects of prosecutions.	Complete 2012-13
11.4 That EPA consolidate information regarding previous prosecutions in a searchable format and provide better access to this information on its website.	Complete 2012-13
11.5 That in publicising prosecutions EPA should explain the reasons that the offending warranted prosecution.	Complete 2012-13
11.6 That EPA document a policy on enforcement and prosecution of government entities including local governments - clearly explaining that they are subject to the law and how it will discharge its discretions equitably and fairly.	Complete 2011-12 (pub. 1472)
11.7 That EPA maintain the Inspiring Environmental Solutions Program (with a number of enhancements) and continue its practice of using section 67AC.	Complete 2011-12
11.8 That EPA document a policy position that articulates its preference for restorative orders under section 67AC.	Complete 2010-11
11.9 That EPA include in the Compliance and Enforcement Policy or associated policies the criteria it will apply to use of section 67AC including the circumstances in which it considers dispositions of this nature to be inappropriate.	Complete 2010-11
11.10 That EPA use the adverse publicity component of section 67AC coupled with financial penalties to promote the deterrent effect of prosecutions.	Complete 2011-12
11.11 That EPA publish a policy regarding enforcement and prosecution of government entities (including committing to Model Litigant Guidelines). The policy should include any considerations or protocols to be followed, how independence will be maintained and how outcomes will be communicated.	Complete 2011-12 (pub. 1472)
11.12 That EPA adopt the Prosecution Guidelines that are common to all Australian Directors of Public Prosecutions (and adopted by the Victorian Director).	Complete 2011-12
11.13 That EPA support the prosecution guidelines by developing policy positions on the following aspects of prosecutorial practice: <ul style="list-style-type: none"> • the choice of jurisdiction to prosecute matters • the choice of defendant where there are multiple potential defendants including corporations and corporate directors • EPA's approach to claims of legal professional privilege and privilege against self-incrimination • prosecution of government entities including local councils. 	Complete 2011-12 (pub. 1476) (pub. 1473) (pub. 1474) (pub. 1472)

Chapter 11 - Prosecutions continued

11.14 That EPA prepare standard submissions to be used in sentencing submissions that seek Courts to take account of financial benefits obtained as a result of delayed or avoided compliance under the EP Act.	Complete 2012-13
11.15 That EPA, in appropriate cases, seek to quantify economic benefits obtained as a result of offending to support sentencing submissions, and the development of appropriate orders under section 67AC and enforceable undertakings.	Complete 2012-13
11.16 That EPA publish guidance on its calculation of economic benefits in administrative and Court imposed sanctions.	Complete 2012-13
11.17 That EPA publish its policy position in relation to recovery of clean up costs including the circumstances and criteria which it will consider in seeking to recovering costs against an occupier which subsequently comes into possession of property, when it will register a charge and seek to sell the subject property to recoup clean up costs.	Pending formal close out
11.18 That EPA promote the responsibility of owners and occupiers of commercial premises that may be subject to the provision in section 62 of the EP Act to encourage them to exercise diligence in letting property to hazardous industries.	In Progress
11.19 That EPA publish and promote a policy on the use of injunctions to enforce compliance with enforcement instruments and control risks.	Complete 2011-12 (pub. 1471)
11.20 That EPA amend its current guidance regarding enforceable undertakings to ensure that: <ol style="list-style-type: none"> 1. The primary focus of the undertaking is to prevent recurrence of any incidents or breaches, and therefore in general enforceable undertakings will be used to require an environmental management system to be implemented (and/or audited); 2. Where EPA is satisfied that the incident is unlikely to reoccur the undertaking should provide for improvements to the defendant's own performance; 3. Undertakings to be used to improve overall industry or sector performance; 4. For this reason, it would be helpful to include example initiatives in each of the sections. There should be a primary preference for undertakings to include a commitment to implement environmental management systems to an appropriate standard; 5. EPA should proactively suggest undertakings in appropriate cases; 6. The policy should expressly state that in considering an undertaking EPA will consider any co-offenders and their contribution and that acceptance of an undertaking in relation to one offender will not necessarily warrant the same outcome for the co-offenders; 7. The contact point for approaches to EPA on undertakings should be the Legal Unit to ensure that negotiations are privileged and that independence can be assured; 8. The informant in any major investigation potentially impacted by negotiations regarding an undertaking should be consulted. 	Complete 2011-12
11.21 That EPA continues to investigate all parties related to incidents or breaches in its investigations.	Complete 2012-13
11.22 That EPA include in its Compliance and Enforcement Policy or associated policies, a policy that it will investigate the complicity of all parties involved in significant incidents and breaches to support the shared duty of care to the environment.	Complete 2011- 12 (pub. 1473)
11.23 That EPA consider application to the Magistrates' Court for all complex factual and legal scenarios that may require consideration of unsettled legal concepts to have such matters heard in the County Court.	Complete 2012-13
11.24 That EPA consult with the Office of Public Prosecutions to support effective preparation and conduct of prosecutions that may be determined by way of committal and County Court trial.	Complete 2011-12

15. COMPLIANCE & ENFORCEMENT RECOMMENDATIONS CONTINUED

Chapter 11 - Prosecutions continued

11.25 That EPA promote the officer liability provision as a duty on officers to exercise due diligence. Guidance should be provided on practical ways in which officers can exercise due diligence in compliance with environmental laws.	Pending formal close out
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Chapter 12 - Compliance and Enforcement Policy

12.1 That EPA adopt and publish a revised Compliance and Enforcement Policy in accordance with the proposed draft included as Appendix 12.2 to this report.	Complete 2010-11
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Chapter 13 - Authorised Officers and their powers

13.1 That EPA nominate a responsible person or unit to be accountable for the maintenance of accurate records regarding the authorisation of EPA Authorised Officers. These records should include the original instruments of authorisation and authorisation and revocation dates.	Complete 2010-11
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13.2 That the management of recommendations for appointment and revocation of Authorised Officers be centralised to ensure consistency in process and the attainment of relevant prerequisites and accountability for record keeping.	Complete 2011-12
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13.3 That EPA set clear criteria regarding the maintenance of Authorised Officer status by non-field staff and revoke authorisations where these criteria are not being met.	Complete 2011-12
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13.4 That EPA set a clear policy regarding the appointment of Authorised Officers as Designated Environment Performance Officers with clear pre-requisites for appointment and guidance on the exercise of the powers delegated to them. In Progress	Complete 2011-12
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13.5 That EPA review whether designated environment protection officers should continue to be delegated to issue and amend works approvals and licences given the central management of these decisions and the risks associated with these decisions.	Complete 2011-12
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13.6 That EPA publish a plain English description of the respective roles performed by Authorised Officers, delegated officers and investigators or informants and the powers and obligations that accompany these roles.	Complete 2011-12
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13.7 That EPA publish guidance on its policy for applying the privileges against self-incrimination and for legal professional privilege and clearly articulate how the privileges may be claimed and how they will be treated or resolved by EPA.	Complete 2011-12 (pub.1474)
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13.8 That EPA develop and publish a formal complaints procedure for persons interacting with EPA Authorised Officers. The procedure would provide for a suitable level of independence to ensure that external complaints are appropriately investigated and addressed with due regard to the rights of Authorised Officers as public service employees. The procedure should be published on EPA's website and be made available upon request.	Complete 2011-12
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Chapter 14 - Training and support to Authorised Officers

14.1 That EPA establish an operations support function incorporating the elements outlined in chapter 14.	Complete 2010-11
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14.2 That EPA document a policy that requires trainee Authorised Officers to be accompanied while undertaking field duties. This policy would state EPA's position that enquiries and powers are only permitted to be exercised by appointed Authorised Officers. The policy would be accompanied by a procedure for the conduct of trainee officers while accompanying Authorised Officers and the limitations of their role. This procedure would include trainee officers identifying themselves as such when undertaking field duties.	Complete 2011-12
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14.3 That a central unit be responsible for induction and training of environment protection officers to ensure consistency. The training itself would be delivered by a combination of internal and external subject matter experts against agreed competencies.	Complete 2010-11
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14.4 That EPA seek accreditation of the training program for Authorised Officers through alignment with a relevant educational institution.	Complete 2012-13
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Chapter 14 - Training and support to Authorised Officers continued	
14.5 That EPA require new placements to field duties to undertake a standard induction course including the components necessary for authorisation upon commencement of their role and be appointed as Authorised Officers prior to commencement of field duties. The course would be competency based and assessed. Consideration should be given to whether any statutory powers or delegations would be restricted during the first six months of active field placement until the attainment of in field competencies.	Complete 2011-12
Chapter 15 - Resourcing of compliance and enforcement	
15.1 That EPA significantly increase the number of environment protection officers in order to effectively discharge its compliance monitoring and assurance functions and to take a more proactive role to prevent environmental incidents and harm.	Complete 2011-12
15.2 That EPA consider the technical expertise required to deal with complex and specialised subject matter within its jurisdiction.	Complete 2012-13
Chapter 16 - Performance measures of activity	
16.1 That EPA prepare an internal and external report on its compliance and enforcement activity including the number and timeliness of enforcement measures.	Complete 2012-13
16.2 That EPA report on trends regarding the level of compliance it observes during monitoring and inspection and on the actions taken as a result.	Complete 2012-13
16.3 That EPA report on the state of compliance from data received in Annual Performance Statements submitted by Licensees including any patterns and trends.	Complete 2011-12
Chapter 17 - Internal review of enforcement decisions	
17.1 That EPA establish a pilot scheme for review of enforcement decisions by Authorised Officers, namely Pollution Abatement Notices and Clean Up Notices in accordance with this chapter.	Complete 2012-13
17.2 That EPA publish on its website information regarding the process for internal review of infringement notices, provided under the <i>Infringements Act 2006</i> .	Complete 2011-12
Chapter 18 - The role of co-regulators: local and state-based	
18.1 EPA should clearly define its regulatory jurisdiction with particular reference to the role of local councils and other government departments and publish this information internally and externally to promote community awareness of its role. Where there are currently uncertainties regarding EPA's role vis-à-vis other government entities, these should be identified with a plan to address these in a staged and prioritised way.	Complete 2011-12
Chapter 19 - Beyond compliance	
19.1 That EPA evaluate current beyond compliance initiatives to align these projects to strategic priorities for regulation, compliance and enforcement.	Complete 2011-12
19.2 That EPA urgently alter reporting lines in relation to its HazWaste fund and any funds that involve direct grants to individual businesses to avoid any perceived or actual conflict between the discharge of its compliance and enforcement functions and the granting of financial assistance directly to regulated entities.	Complete 2010-11
19.3 That EPA provide transparency in the current decision-making process and criteria for its grants programs.	Complete 2011-12
19.4 That EPA consider alternatives to managing funds that involve direct grants to individual businesses including placing management of these funds in another government agency or developing a process that puts it at 'arms length' from EPA.	Complete 2011-12
Chapter 20 - The role of community	
20.1 That EPA establishes a protocol for stakeholder participation in standard and policy setting. The protocol should include opportunities to participate in the development of regulatory standards and compliance guidance.	Complete 2012-13

15. COMPLIANCE & ENFORCEMENT RECOMMENDATIONS CONTINUED

Chapter 20 - The role of community continued	
20.2 That guidance provided to community members to make laws more accessible be written in accessible language.	Complete 2011-12
20.3 That EPA include in its protocol for stakeholder participation a statement of policy that supports disclosure of: <ul style="list-style-type: none"> • information regarding the state of the environment; • information regarding the risks of certain environmental hazards that may affect health and how to mitigate this; • information regarding EPA's compliance and enforcement activity including outputs and outcomes. 	Complete 2011-12
20.4 That EPA continue to promote environmental improvement plans that involve dialogue between businesses and community.	Complete 2011-12
20.5 That EPA pilot a program for community conferencing based on the restorative justice principles embodied in the Compliance and Enforcement Policy as part of its use of enforceable undertakings for environmental offences.	Complete 2012-13
20.6 That EPA consider appointing a community representative to the panels that consider suitability of enforceable undertakings and eligibility for the Inspiring Environmental Solutions program.	Complete 2011-12
20.7 That EPA continue to explore opportunities to engage community and make environmental laws and policies more accessible, to educate them on EPA's role and promote awareness of the duty of care to the environment.	Complete 2012-13
20.8 That EPA monitor data available to it regarding the state of environment, exposure to environmental hazards and any trends or patterns that may indicate disproportionate impacts on vulnerable communities or sensitive receiving environments.	In Progress
20.9 That in consultation with community and business, EPA consider developing a policy position on environmental justice to guide it in decision making.	Complete 2012-13
20.10 That EPA inform community and business of this review and its response, and report on implementation of any accepted recommendations.	In Progress
20.11 That EPA consider establishing a steering group to guide its implementation of any recommendations of this Review which it accepts.	Complete 2010-11
Chapter 21 - Legislative changes	
21.1 That EPA consider a request to government to amend the EP Act to address shortcomings identified in this review that would enable it to better perform its regulatory and enforcement role.	Complete 2011-12

16. HAZWASTE FUND PROJECTS

Table 16.1 Status of HazWaste Fund projects

Organisation Name	Amount committed	Status	Description
Research and Development Projects			
Akzo Nobel	\$43,000	Completed	This paints, coatings and chemicals manufacturer tested innovative equipment to process waste powder coating residue for reuse. The project was completed in December 2010 but did not find a successful reuse option. Akzo Nobel continue to work with their international partners to further their learning towards a long-term solution.
Australian Sustainable Industry Research Centre (ASIRC)	\$890,931	Completed	This project aimed to accelerate actions to minimise PIW Category A, B and C wastes emanating from major waste treatment facilities. It also identified and designed waste treatment plant outputs to supply specific markets-this led to the Chemsal paint in concrete project, and projects with other waste treaters.
Carpet Institute of Australia	\$40,000	Completed	This project demonstrated a cost effective method for segregating latex wastes containing water and fibres, to recover latex for potential reuse in the carpet manufacturing process. The recovered latex may also have potential reuse within other industries that use latex. The technology was demonstrated through industrial-scale trials conducted at Victoria Carpets in Dandenong.
Cardno Lane Piper	\$17,500	Completed	Cardno Lane Piper trialled the use of chemical oxidation (with and without surfactants) to remediate soil contaminated with polycyclic aromatic hydrocarbons (PAHs), to reduce the hazard level from Category A, B or C to fill material standard. The field trials were unable to replicate the success at bench scale, and the project was concluded early.
Centre for Contaminant Geoscience Pty Ltd (CCG)	\$134,545	In progress	CCG will perform a chemical immobilisation trial on soil that is cocontaminated with lead and antimony in the laboratory and then in the field.
Centre for Environmental Risk Assessment and Remediation (CERAR)	\$45,750	In progress	The project aims to develop and validate a bioremediation screening tool. It is envisaged that the tool will be able to predict the endpoint of bioremediation within a couple of days, and assist determination of whether bioremediation is a suitable technology for remediation.
Chemsal	\$65,000	Completed	This project trialled and evaluated the reuse of the water-based component of waste paint as a water replacement in concrete. The trial aimed to verify the use of the concrete mix in a real scale environment and a carpark was constructed.
CSIRO	\$350,000	Completed	Paint sludge wastes are a significant problem for the automotive manufacturing sector. This is mainly due to low transfer rates (30-35%) of wet paint being applied to plastic components. This project aimed to modify existing powder coating technologies used for metallic components surface finishing for application to plastics components. This technology yields a high transfer rate (98-99%) of dry paint applied to plastic components.
FMP Group	\$31,072	Completed	Completed in 2009, this project investigated current and alternative options for stabilising bag house dust to reduce hazard category. Two alternative treatment technologies were identified for further investigation.

16. HAZWASTE FUND PROJECTS CONTINUED

Organisation Name	Amount committed	Status	Description
Geelong Galvanizing	\$50,000	Completed	Geelong Galvanizing undertook a project to investigate the possibility of using an acid extender in their process. The trial demonstrated a reduction in the disposal of the spent pickle liquor by up to 30%, as well as reduced cost per tonne of production. Geelong Galvanizing continues to work to improve the process further.
GB Galvanising Service	\$579,549	Completed	This project investigated the separation and removal of contaminant metals from spent pickle liquor solution, generated in the galvanising process. Whilst the process was technically successful, the commercial viability could not be proven.
Howe Leather	\$2,400	Completed	This project included an analysis of total petroleum hydrocarbons in filter cake, to determine if Category B is a false reading due to animal fat residuals. The project was completed in 2008 and diverted up to 400 tonnes of waste.
La Trobe University, Bendigo	\$103,000	Completed	The Heller Process - a patented acid extraction technology - has been developed for the removal of heavy metals (Lead, Zinc, Cadmium, Copper, Arsenic and Mercury) and organic contaminants from biosolids (sewage sludge). This project investigated the efficacy of this technology in removing these contaminants from soil matrices.
McElligotts Remediation Services Pty Ltd	\$150,000	In Progress	This project is to demonstrate the use of Land Smart Solutions (LSS) technology. McElligotts will use a mobile chemical fixation plant at two metal contaminated sites in Victoria. It has been shown overseas that the LSS chemical fixation technology can permanently stabilize a wide variety of heavy metals.
Metallic Waste Solutions (Metsol)	\$400,000	Completed	The trial demonstrated the Metsol process for electric arc furnace (EAF) dust selectively extracts zinc as high purity zinc oxide, leaving behind iron rich residue that can be recycled back into the furnace. This process achieved a 90% mass reduction of the waste sent to landfill. Metsol are currently searching for a partner to establish a commercial scale plant that has the potential to prevent the landfill disposal of 12,700 tonnes per year of EAF dust in Victoria.
OTEK Australia	\$40,000	Completed	OTEK Australia successfully demonstrated on small scale that maggots can be used to remove remnants of organic material from scallop shell waste. The project was completed in April 2011. If successful on a large scale, it could help fisheries divert up to 1,000 tonnes of putrescible waste from landfill.
Phoenix Energy Australia	\$40,000	Completed	This feasibility study investigated the construction of a plasma gasification waste to energy plant in the Geelong area. The scope included closely examining the technical, environmental, legal and commercial aspects of a plant, as well as considering community engagement. If constructed the facility aims to process about 75,000 tonnes of waste per year, including up to 35,000 tonnes of Prescribed Industrial Waste (PIW). After completion of the study, Phoenix Energy concluded that plasma gasification is applicable to energy recovery and product destruction for a range of industrial, postmanufacturing and post-consumer wastes, and PIW. However, the study concluded that a stand alone plasma gasifier for processing waste to produce clean syngas was not currently commercially viable in the Greater Geelong area.

Organisation Name	Amount committed	Status	Description
Pinegro	\$150,000	Completed	The project aimed to identify and trial commercial composting technologies to recycle and reuse approximately 4,500 tonnes per annum of green liquor dregs. This Category A waste is generated by the Australian Paper Maryvale Mill.
Rosedale Leather	\$48,156	Completed	This project investigated the composting potential of Rosedale Leather's waste. The program was proven highly successful, with the results of the composting trials indicating that both the chrome-containing and chrome-free prescribed waste could be effectively managed through composting.
Syntek Environmental	\$40,000	Completed	This project trialled the effectiveness of the "Ecosynergy bioconversion process" in treating category A and B Prescribed Industrial Waste (PIW) containing Total Petroleum Hydrocarbons (TPH) and heavy metals at two industrial sites. The bioconversion technology uses selected bacteria strains and nutrients that respond to a specific waste stream. It is added to the waste to enhance the conventional biological degradation process. The bacteria degrade the hydrocarbons and "lock up" the heavy metals within the bacteria cells. The bioconversion process has shown a volume reduction of approximately 50% and a reduction of hazard from Category A or B to C.
University of Melbourne	\$11,364	Completed	This project tested the efficiency of plant covers and conventional straw covers in reducing volatilisation. It also examined the role of plants in reducing the actual toxicity of the soil itself. The plants proved to reduce the hazardous effects of Polycyclic Aromatic Hydrocarbons (PAH's) on the soil.
Virotec Global Solutions	\$72,824	In progress	Virotec Global Solutions are trialling the effectiveness of treating organic and inorganic co-contaminated soils using ViroBind™, commercially available oxidants and ozone and assess the potential to lower the hazard classification of the treated soils. The project is due for completion in 2013.
Ziltek	\$100,000	Completed	The aim of this project was to test, validate and commercialise a hand held Infrared instrument (RemScan) developed by Ziltek and CSIRO. RemScan is used for real time measurement of the presence of TPHs in soil. RemScan can be used to more rapidly delineate contaminated from clean soil, avoiding unnecessary removal and potential cross contamination.
Ziltek	\$36,364	Completed	Ziltek investigated various technologies to recycle starchy ink waste generated by Amcor, aiming to provide an alternative to landfill disposal. Technologies investigated include bioremediation and bio-leaching, with bioremediation affording the best results.

16. HAZWASTE FUND PROJECTS CONTINUED

Organisation Name	Amount committed	Status	Description
Demonstration Projects			
Environmental Remediation Resources	\$54,258	Completed	A pilot trial seeking to demonstrate the effectiveness of enhanced bioremediation, using commercial surfactants, to the market. The project demonstrated that one of the surfactants trialed was effective in treating soils contaminated with PAHs and Benzo(a)pyrene.
Environmental Remediation Resources	\$200,000	In progress	The second project to receive HazWaste funding involves the introduction of a pilot scale C3 Refrigerated Condensation Unit to Victoria. This system condenses extracted contaminants for subsequent recycling or reuse. The unit is mobile and particularly useful for sites contaminated with high concentrations of organic contaminants such as hydrocarbons and chlorinated solvents.
Infrastructure and Implementation Projects			
Australian Institute of Surface Finishing (AISF)	\$683,426	In progress	This project involves the installation of up to 20 optimised counter current rinsing systems and up to 10 interstage rinsing systems at electroplating shops in Victoria, which will result in the avoidance of up to 28 tonnes/annum of Category A Prescribed Industrial Waste. The project scope includes up to 30 site assessments to determine the suitability of the technologies, tendering, installation and commissioning. The project is due for completion in 2014.
EnviroPacific Pty Ltd	\$125,000	In progress	This project entails the introduction of a mobile Direct Fired Thermal Desorption Unit to Victoria. The unit will have a small footprint and can be commissioned and decommissioned rapidly and it thus useful for on-site remediation of small sites. The project is due to be completed in 2014.
Geocycle SBF and Cement Australia Holdings	\$600,000	Completed	This project supported the installation of an auger to shred metal drums containing solid and sludge wastes. The wastes containing high calorific value were recovered and converted into an alternative fuel for the cement kiln. The machinery also recovers the metal for recycling.
Innova Soil Technologies	\$428,571	In progress	The project involves Innova establishing and demonstrating a Centre for Site Remediation. Soils will be treated using Direct Fired Thermal Desorption with Innova's patented rapid quench cooling technology. The project is due to be completed in 2014.
National Resource Recovery (NRR)	\$250,000	Completed	The funding assisted NRR in improving and developing greater capacity to treat used oil filters, and recovers the waste oil and metal for recycling.
OneSteel Wire	\$600,000	Completed	OneSteel Wire replaced their existing lead heat treatment and pickling baths with a state of the art fluidised sand bed furnace and pickling line, eliminating the use of lead in the system. Installation of the equipment has avoided the generation of prescribed waste.
PQ Australia	\$614,000	Completed	PQ Australia have installed baghouse technology which has totally eliminated water from the waste stream, enabling the capture and reuse of the dry glass fine waste stream. Every tonne of prescribed waste diverted has resulted in one tonne of raw material recycled and has also significantly decreased water and gas usage.

Organisation Name	Amount committed	Status	Description
Regain/Alcoa	\$2,000,000	Pending approvals	The HazWaste Fund will support a joint project between Alcoa of Australia Limited and Regain Services Pty Ltd. The project aims to double Regain's spent pot linings (SPL) processing capability to 15,000 tonnes/year. SPL is a Category A PIW generated when the aluminium smelting pot reaches end of life at Alcoa's Portland and Point Henry smelters. The project is due for completion in 2015.
Renex	\$1,000,000	In progress	This project involves the establishment of an Integrated Waste Treatment Facility, which will utilise an "indirect heated rotary kiln" to desorb organic contaminants, and mercury, from contaminated soil. The facility will have the capacity to treat 70,000 tonnes of contaminated soil per annum. The project is due to be completed in 2015.
Rosebank Engineering	\$25,000	In progress	The aim of this project is to minimise the volume of plating shop wastes by redesigning and upgrading the existing onsite waste water treatment plant. There is also the potential for cadmium and silver recovery. The project is due to be completed in 2013.
Sims Aluminium	\$773,000	Completed	This project converted a key step of the aluminium recovery process to "salt free technology". With the new technology, salt is removed from the aluminium recovery process, avoiding the generation of prescribed waste.
SITA Environmental Solutions (SITA Australia Pty Ltd)	\$125,000	In Progress	This project will establish a Soil Processing Facility at the Taylors Road Landfill. The project is due to be completed in 2014.
TPI	\$3,600,000	Phase 1 In progress Phase 2 Pending approvals Phase 3 Completed	This three-phase project aims to significantly reduce prescribed waste reporting to landfill. Phase 1 is improving segregation and immobilisation. Phase 2 is a Thermal Desorption Unit to treat filter cake generated from the treatment plant, and Phase 3 is a trial into recovering metal from metal bearing wastes.
Veolia Sustainability Covenant	\$1,575,000	Completed	In 2007, Veolia Environmental Services (VES) and EPA partnered through a sustainability covenant to reduce the volume and hazard level of waste sent to landfill. This project was one of the first major projects approved that reinvests significant money associated with the increased levies received. The project has resulted in a 37,000 tonne reduction since its inception.
Veolia Environmental Services	\$4,000,000	In Progress	This project is to install an indirect thermal desorption (evaporation) unit to treat 15,000 - 20,000 tonnes per year of sludge and filter cake generated from the VES Liquid Treatment Plant at the Brooklyn facility. The project aims to recover all components for reuse or recycling and eliminate organic contaminated Category B waste sent to landfill from this facility. The reduction in volume to landfill will also reduce dust and noise impacts from vehicle movements.
Waste 2 Water Technologies	\$50,000	Completed	This project supported installation of new equipment to recover the solid waste from wastewater. This waste is now suitable for energy recovery.

16. HAZWASTE FUND PROJECTS CONTINUED

Organisation Name	Amount committed	Status	Description
Knowledge and Capacity Building Projects			
Animal Processing Industry Project (multiple partners)	\$75,000	Completed	This project included KR Castlemaine, Baiada and MC Herd. A consultant was hired to assess available technology to process waste from this industry.
Automotive Industry Project (multiple partners)	\$34,766	Completed	This project investigated technology options to reduce paint booth and solvent waste at two large motor companies-Toyota and Ford.
Civil Contractors Federation (CCF)	\$424,529	Completed	This project involves the employment of an environmental officer at the Civil Contractors Federation for three years. In its first year the project resulted in the development of guidelines, publications and other resources and services that are available to the civil contracting community.
EnviroPacific Pty Ltd	\$18,960	Completed	This project tested the hypothesis that current methods (ASLP) overestimate PAH leachability in soils. Tests undertaken by EnviroPacific were unable to support this hypothesis, as the soils used in the project did not demonstrate sufficiently high leachability.
Hawker de Havilland	\$13,815	Completed	The primary focus of this study was to identify opportunities to reduce prescribed waste generation onsite.
Hi-Quality Sales Victoria Pty Ltd	\$110,000	Completed	The project investigated the feasibility of establishing a multi-option soil treatment facility north-west of Melbourne.
Machinery & Equipment Industry project (multiple partners)	\$105,114	Complete	This project included 10 companies. A consultant was hired to complete an options assessment for reducing waste generated by this industry.
Mobil Refining Australia	\$32,250	Completed	The project's objectives were to develop a short-list of technically and financially feasible options for the reduction of prescribed waste.
RMIT University	\$22,189	Completed	This project assessed the toxicity of leachates containing Antimony, as part of an Honours Research thesis.
Robert Bosch	\$19,737	Completed	This project optimised the treatment process to treat heavy metal prescribed waste, potentially diverting up to 150 tonnes per year of heavy metal waste.
Rohm and Haas Australia	\$14,880	Completed	This manufacturing company examined their processes and identified the key causes for prescribed waste generation. Producing solid data, the supplier of paint binding agents has made real links between product loss and waste generation. They are now able to focus on the main problem areas to reduce waste disposed to landfill.
The Camperdown Compost Company	\$50,000	Completed	This business undertook a feasibility study to investigate the construction of a biogas plant for industrial wastes in the Colac region. The project was successful, with Camperdown compost entering a partnership with Diamond Energy to construct a plant. The plant could divert up to 5000 tonnes of waste.
URS Australia Pty Ltd	\$59,350	In progress	The aim of this project is to establish background values for metals in Victorian soil, which may in turn avoid the unnecessary classification of such soils as Category C and subsequent disposal to landfill. The project is due for completion in 2013.
Visy Industries	\$68,510	Completed	A balance and options assessment was carried out for the entire Visy Coolaroo site. Support was also given to analyse the theoretical residue from a proposed co-generation plant.

17. LEGISLATION ADMINISTERED

Acts

Environment Protection Act 1970

National Environment Protection Council (Victoria) Act 1995

Pollution of Waters by Oils and Noxious Substances Act 1986

Subordinate legislation

Environment Protection (Distribution of Landfill Levy) Regulations 2010

Environment Protection (Fees) Regulations 2012

Environment Protection (Industrial Waste Resource) Regulations 2009

Environment Protection (Residential Noise) Regulations 2008

Environment Protection (Scheduled Premises and Exemptions) Regulations 2007

Environment Protection (Ships' Ballast Water) Regulations 2006

Environment Protection (Vehicle Emissions) Regulations 2003

Environment Protection (Environment and Resource Efficiency Plan) Regulations 2007

Pollution of Waters by Oil and Noxious Substances Regulations 2012

Industrial Waste Management Policy (Protection of the Ozone Layer)

Industrial Waste Management Policy (Waste Acid Sulfate Soils)

Waste Management Policy (Movement of Controlled Waste between States and Territories)

Waste Management Policy (National Pollutant Inventory)

Waste Management Policy (Ships' Ballast Water)

Waste Management Policy (Siting, Design and Management of Landfills)

Waste Management Policy (Solid Fuel Heating)

Waste Management Policy (Used Packaging Materials)

State Environment Protection Policy (Air Quality Management)

State Environment Protection Policy (Ambient Air Quality)

State Environment Protection Policy (Control of Noise from Commerce, Industry and Trade) No. N-1

State Environment Protection Policy (Control of Music Noise from Public Premises) No. N-2

State Environment Protection Policy (Groundwaters of Victoria)

State Environment Protection Policy (Prevention and Management of Contamination of Land)

State Environment Protection Policy (Waters of Victoria)

Notifiable chemical orders

Notifiable chemical order declaring specified chlorine compounds to be notifiable chemicals (published in Victoria Government Gazette No. G14 on 4 April 1990).

Notifiable chemical order declaring polychlorinated biphenyls to be a notifiable chemical (published in Victoria Government Gazette No. S5 on 1 February 2000)

Notifiable chemical order declaring arsenic and arsenic compounds to be notifiable chemicals (published in Victoria Government Gazette No. S58 on 3 June 1997)

Notifiable chemical order declaring organotin antifouling paint to be a notifiable chemical (published in Victoria Government Gazette No S94 on 29 June 2000)

18. DISCLOSURE INDEX

Ministerial Directions		
Report of Operations		
Legislation	Requirement	Page reference
Charter and purpose		
FRD 22D	Manner of establishment and the relevant Ministers	4-7
FRD 22D	Objectives, functions, powers and duties	2
FRD 22D	Nature and range of services provided	2
Management and structure		
FRD 22D	Organisational structure	6
Financial and other information		
FRD 10	Disclosure index	88
FRD 12A	Disclosure of major contracts	95
FRD 15B	Executive officer disclosures	n/a - for Departments only
FRD 22D	Operational and budgetary objectives and performance against objectives	63
FRD 22D	Employment and conduct principles	50-51
FRD 22D	Occupational health and safety policy	53
FRD 22D	Summary of the financial results for the year	48
FRD 22D	Significant changes in financial position during the year	48
FRD 22D	Major changes or factors affecting performance	48
FRD 22D	Subsequent events	48
FRD 22D	Application and operation of <i>Freedom of Information Act 1982</i>	60
FRD 22D	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	60
FRD 22D	Statement on National Competition Policy	60
FRD 22D	Application and operation of the <i>Protected Disclosure Act 2012</i>	61
FRD 22D	Details of consultancies over \$10,000	94-95
FRD 22D	Details of consultancies under \$10,000	95
FRD 22D	Statement of availability of other information	60
FRD 24C	Reporting of office based environmental impacts	39
FRD 25A	Victorian Industry Participation Policy disclosures	61
FRD 29	Workforce Data disclosures	55-58
SD 4.5.5	Risk management compliance attestation	59
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Ministerial Directions**Financial Statements**

Legislation	Requirement	Page reference
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Financial Statements required under Part 7 of the FMA

SD 4.2(a)	Statement of changes in equity	101
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SD 4.2(b)	Cash flow statement	102

Other requirements under Standing Directions 4.2

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SD 4.2(c)	Statement of compliance	103
SD 4.2(d)	Rounding of amounts	110
SD 4.2(c)	Accountable Officer's declaration	96

Other disclosures as required by FRDs in notes to the financial statements

FRD 11	Disclosure of Exgratia payments	137
FRD 12A	Disclosure of major contracts	95
FRD 21A	Responsible Person and Executive Officer Disclosures in the Financial Report	96
FRD 102	Inventories	N/A
FRD 103D	Non-current physical assets	121
FRD 104	Foreign currency	N/A
FRD 106	Impairment of assets	107
FRD 109	Intangible assets	121
FRD 110	Cash flow statements	135-136
FRD 112C	Defined benefit superannuation obligations	126-127
FRD 113	Investments in subsidiaries, jointly controlled entities and associates	N/A
FRD 114A	Financial instruments - General government entities and public non-financial corporations	130-133
FRD 119	Contributions by owners	101

Legislation

<i>Freedom of Information Act 1982</i>	60
<i>Building Act 1983</i>	60
<i>Protected Disclosures Act 2012</i>	61
<i>Victorian Industry Participation Policy Act 2003</i>	61
<i>Financial Management Act 1994</i>	103

19. GRI DISCLOSURE INDEX

G3 Content Index-GRI Application Level C

STANDARD DISCLOSURES PART I: Profile Disclosures

1. Strategy and Analysis

Profile disclosure	Description	Reported page
1.1	Statement from the most senior decision-maker of the organisation.	3

2. Organisational Profile

Profile disclosure	Description	Reported page
2.1	Name of the organisation.	2
2.2	Primary brands, products, and/or services.	2
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	6
2.4	Location of organisation's headquarters.	2
2.6	Nature of ownership and legal form.	2
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	2
2.8	Scale of the reporting organisation.	2
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	2

3. Report parameters

Profile disclosure	Description	Reported page
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	8
3.2	Date of most recent previous report (if any).	8
3.3	Reporting cycle (annual, biennial, etc).	8
3.4	Contact point for questions regarding the report or its contents.	8
3.5	Process for defining report content.	8
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	2
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	8
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	38-47
3.12	Table identifying the location of the Standard Disclosures in the report.	1

4. Governance, commitments, and engagement		
Profile disclosure	Description	Reported page
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	4-6
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	4 and 7
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	4-5
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	6
4.14	List of stakeholder groups engaged by the organisation.	36
4.15	Basis for identification and selection of stakeholders with whom to engage.	36
STANDARD DISCLOSURES PART III: Performance Indicators		
	Description	Reported page
Economic performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	48-49
EC3	Coverage of the organisation's defined benefit plan obligations.	127
EC4	Significant financial assistance received from government.	48
Market presence		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	61
Environmental Performance Indicator		
	Description	Reported page
Materials		
EN1	Materials used by weight or volume.	38-47
EN2	Percentage of materials used that are recycled input materials.	47
Energy		
EN3	Direct energy consumption by primary energy source.	41-42
EN4	Indirect energy consumption by primary source.	41-42
EN5	Energy saved due to conservation and efficiency improvements.	41-42
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	41-42
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	41-42

19. GRI DISCLOSURE INDEX CONTINUED

Water		
	Description	Reported page
EN8	Total water withdrawal by source.	42-43
EN10	Percentage and total volume of water recycled and reused.	N/A
Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	47
EN17	Other relevant indirect greenhouse gas emissions by weight.	47
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	47
EN22	Total weight of waste by type and disposal method.	39
EN23	Total number and volume of significant spills.	N/A
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	38-47
Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	43-46
Social: Labor practices and decent work		
Employment	Description	Reported page
LA1	Total workforce by employment type, employment contract, and region.	56-58
LA2	Total number and rate of employee turnover by age group, gender, and region.	57
Labor/management relations		
LA4	Percentage of employees covered by collective bargaining agreements.	55
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	55
Occupational health and safety		
LA6	Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs.	53
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	53-54
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	53-54
LA9	Health and safety topics covered in formal agreements with trade unions.	53
Training and education		
LA10	Average hours of training per year per employee by employee category.	51
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	51

Diversity and equal opportunity		
	Description	Reported page
LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	56-58
LA13	Ratio of basic salary of men to women by employee category.	56-58
Social: Human rights		
	Description	Reported page
Investment and procurement practices		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	52
Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken.	52
Indigenous rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	None
Social: Society		
	Description	Reported page
Corruption		
SO4	Actions taken in response to incidents of corruption.	None
Anti-competitive behaviour		
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	None
Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	None
Social: Product responsibility		
	Description	Reported page
Customer health and safety		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	None
Product and service labelling		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	10 and 36-37
Customer privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	None
Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	None

20. CONSULTANCIES AND ADVERTISING EXPENDITURE

Consultancies

Details of consultancies over \$10,000 are listed in Table 20.1

In 2012-13 EPA engaged 12 consultants, where the total of the consultancies was greater than \$10,000. The total cost of the consultants' fees, excluding GST, was \$695,885.15

Table 20.1: Consultancies over \$10,000

Consultants	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2012-13 (excluding GST)	Future expenditure (excluding GST)
Aecom Australia P/L	Review and develop criteria for determining clean up of contaminated groundwater by auditors.	1/4/2013	28/6/2013	\$72,727.27	\$72,034.00	-
Conservation Enterprises Unlimited	Review and preparation of options for multi-departmental/agency committee considering the future of Vic Govt internal Marine Scientific Capability.	22/6/2012	21/9/2012	\$22,500.00	\$22,500.00	-
Data Agility Pty Ltd	Development of a roadmap/strategy for the collection, management and reporting of environmental data and information.	1/4/2013	7/5/2013	\$89,000.00	\$89,000.00	-
Databuild Research & Solutions Ltd	Developing a monitoring and evaluation plan for the Planning Strategy Implementation Program.	4/5/2013	31/7/2013	\$29,400.00	\$13,800.00	\$15,600.00
GHD Pty Ltd	Investigate risk-based approaches for levels of environmental audit.	30/4/2013	28/6/2013	\$27,160.00	\$ 27,160.00	-
GHD Pty Ltd	Develop risk-based approaches for auditor appointments and performance management.	1/5/2013	28/6/2013	\$35,918.00	\$35,918.18	-
Graeme Ross and Associates Pty Ltd	Preparation and review of guidance for use of new regulatory model - AERMOD.	22/8/2012	12/6/2013	\$17,283.20	\$17,283.20	-
Monash University	Phase 1 research project: To conduct evidence based research into littering and illegal dumping behaviours for preventing illegal dumping at charitable recyclers.	15/2/ 2013	31/7/2013	\$50,000.00	\$33,333.32	\$16,666.67
Otek Australia Pty Ltd	International study of environmental regulation approaches to large urban renewal projects.	18/1/2013	16/3/2013	\$22,500.00	\$22,500.00	-
Pitcher Partners	Design a tailored Fraud and Corruption Plan to address recommendations made as part of the Internal Audit of EPA's fraud and corruption controls environment.	18/9/2012	2/6/2013	\$16,363.64	\$15,567.45	-

Consultants	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2012-13 (excluding GST)	Future expenditure (excluding GST)
Randell Environmental Consulting Pty Ltd	Expert advice on what constitutes best practice in the management of unlicensed landfills in Victoria.	1/5/2013	28/6/2013	\$34,310.91	\$27,448.72	-
Synergistics Pty Ltd	Air Impact Assessment Specialist-Expert evidence in VCAT proceedings for Innova thermal soil treatment technology works approval.	12/10/2012	30/11/2012	\$74,553.36	\$74,553.36	-
URS Australia Pty Ltd	Rural Landfill Risk Assessment Project- Expert advice on the financial and environmental risk posed by licensed landfills across Victoria	26/9/2012	5/12/2012	\$278,669.09	\$272,854.37	-
Deloitte Touche Tohmatsu	Develop a risk appetite for management of environmental audit system	2/5/2013	28/6/2013	26,363.64	26,363.64	-

Details of consultancies under \$10,000

In 2012-13 EPA engaged two consultants, where the total of the consultancy was less than \$10,000. The total cost of the consultants' fees, excluding GST, was \$9,050.00.

Disclosure of major contracts

EPA did not enter into contracts greater than \$10 million in value during 2012-13.

Table 20.2 Campaign Advertising expenditure over \$150,000

Name of Campaign	Campaign Summary	Start Date	Finish Date	Advertising (Media) expenditure 2012-13 (excl GST)	Creative and campaign expenditure 2012-13 (excl GST)	Research and evaluation expenditure 2012-13 (excl GST)	Print and collateral expenditure 2012-13 (excl GST)	Other campaign expenditure 2012-13 (excl GST)
EPA & SV Summer Litter Pilot Campaign	This jointly managed campaign educated, informed and encouraged Victorians to protect their environment and not to litter	17 Jan 2013	6 April 2013	\$217,291.86	\$80,000.00	-	-	-

21. FINANCIAL STATEMENTS

Accountable officers and chief finance and accounting officer's declaration

Financial statements

Certification of financial statements

We certify that the attached financial statements for the Environment Protection Authority have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2013 and financial position of the Authority as at 30 June 2013.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 29 August 2013 .



Cheryl Bataqol

Chairman
Environment Protection Authority
Melbourne

29 August 2013



John Merritt

Chief Executive Officer
Environment Protection Authority
Melbourne

29 August 2013



Joe Groher

Chief Finance and Accounting Officer
Environment Protection Authority
Melbourne

29 August 2013

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Environment Protection Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of the Environment Protection Authority which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Environment Protection Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are 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 the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Environment Protection Authority as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Environment Protection Authority for the year ended 30 June 2013 included both in the Environment Protection Authority's annual report and on the website. The Board Members of the Environment Protection Authority are responsible for the integrity of the Environment Protection Authority's website. I have not been engaged to report on the integrity of the Environment Protection Authority's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
30 August 2013

T. D. J.
for John Doyle
Auditor-General

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

		(\$ thousand)	
	Notes	2013	2012
Continuing operations			
Income from transactions			
Revenue	4(a)	190,942	196,366
Output appropriations	4(b)	-	34,394
Other income	4(c)	2,135	-
Total income from transactions		193,077	230,760
Expenses from transactions			
Employee expenses	5(a)	(35,584)	(36,586)
Grants and other expense transfers	5(b)	(68,525)	(68,935)
Depreciation and amortisation	5(c)	(4,302)	(2,983)
Capital asset charge	5(d)	(960)	(960)
Interest expense	5(e)	(111)	(117)
Other operating expenses	5(f)	(29,582)	(25,711)
Total expenses from transactions		(139,064)	(135,292)
Net result from transactions (net operating balance)		54,013	95,468
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	6(a)	(183)	74
Net gain/(loss) on statutory receivables	6(b)	(1,033)	(539)
Other gains/(losses) from other economic flows	6(c)	197	(252)
Total other economic flows included in net result		(1,019)	(717)
Net result		52,994	94,751
Comprehensive result		52,994	94,751

The comprehensive operating statement should be read in conjunction with the accompanying notes included in the financial statements.

BALANCE SHEET AS AT 30 JUNE 2013

		(\$ thousand)		
	Notes	2013	2012	
Assets				
Financial assets				
Cash and cash equivalents	20(a)	242,260	188,194	
Receivables	7	120,214	124,913	
Total financial assets		362,474	313,107	
Non-financial assets				
Property, plant and equipment	8	17,478	27,199	
Intangible assets	9	17,066	464	
Non-financial assets classified as held-for-sale	10	54	36	
Other non-financial assets	11	333	468	
Total non-financial assets		34,931	28,167	
Total assets		397,405	341,274	
Liabilities				
Borrowings	12	1,596	1,712	
Payables	13	17,045	17,443	
Provisions	14	17,194	13,543	
Total liabilities		35,835	32,698	
Net assets		361,570	308,576	
Equity				
Accumulated surplus		347,636	294,642	
Contributed capital		11,155	11,155	
Physical asset revaluation surplus	21	2,779	2,779	
Net worth		361,570	308,576	
Commitments for expenditure	17			
Contingent liabilities and contingent assets	18			

The balance sheet should be read in conjunction with the accompanying notes included in the financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

(\$ thousand)					
	Notes	Physical asset revaluation surplus	Accumulated surplus	Contribution by owner	Total
Balance as at 1 July 2011		2,779	199,891	11,155	213,825
Net result for the year		-	94,751	-	94,751
Other comprehensive income for year		-	-	-	-
Transfer to accumulated surplus		-	-	-	-
Capital appropriations		-	-	-	-
Balance at 30 June 2012		2,779	294,642	11,155	308,576
Net result for the year		-	52,994	-	52,994
Other comprehensive income for year		-	-	-	-
Transfer to accumulated surplus		-	-	-	-
Capital appropriations		-	-	-	-
Balance at 30 June 2013		2,779	347,636	11,155	361,570

The statement of changes in equity should be read in conjunction with the accompanying notes included in the financial statements.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

		(\$ thousand)	
	Notes	2013	2012
Cash flows from operating activities			
Receipts			
Receipts from Government		18,427	18,521
Receipts from other entities		172,871	170,278
Goods and services tax recovered from the ATO		7,950	6,121
Interest received		6,422	7,331
Total receipts		205,670	202,251
Payments			
Payments of grants and other transfers		(68,525)	(68,935)
Payments to suppliers and employees		(69,780)	(63,021)
Goods and services tax paid to the ATO		(675)	(481)
Capital asset charge payments		(960)	(960)
Interest and other costs of finance paid		(111)	(117)
Total payments		(140,051)	(133,514)
Net cash flows from operating activities	20(b)	65,619	68,737
Cash flows from investing activities			
Payments for non-financial assets		(11,129)	(8,380)
Proceeds from sale of non-financial assets		(18)	(10)
Net cash flows		(11,147)	(8,390)
Cash flows from financing activities			
Repayment of finance leases		(406)	(508)
Net cash flows (used in) financing activities		(406)	(508)
Net increase / (decrease) in cash and cash equivalents		54,066	59,839
Cash and cash equivalents at beginning of the financial year		188,194	128,355
Cash and cash equivalents at end of the financial year	20(a)	242,260	188,194

The above cash flow statement should be read in conjunction with the accompanying notes included in the financial statements.

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Note 1. Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the Environment Protection Authority (the Authority) for the year ending 30 June 2013. The purpose of the report is to provide users with information about the Authority's stewardship of resources entrusted to it.

(a) Statement of compliance

These financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, including interpretations (AASs). AASs include Australian equivalents to International Financial Reporting Standards. In particular, they are presented in a manner consistent with the requirements of the AAS 1049 Whole of Government and General Government Sector Financial Reporting.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in this report, a glossary of terms can be found in Note 29.

The annual financial statements were authorised for issue by the Chairman of EPA Victoria, CEO and CFO on 29 August 2013.

(b) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Authority.

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The most significant management estimates relate to accrued revenue associated with levies, recycle rebates and contaminated land remediation works.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

These financial statements are prepared in accordance with the historical cost convention, except for the revaluation of certain non-current physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value. The fair value of an asset is generally based on its depreciated replacement value.

Historical cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented for the year ended 30 June 2012.

(c) Reporting entity

The financial statements cover the Environment Protection Authority (the Authority) as an individual reporting entity. The Authority was established by the *Environment Protection Act 1970*. Its principal address is:

Environment Protection Authority Victoria
200 Victoria Street
Carlton VIC 3053

The financial statements include all the controlled activities of the Authority.

A description of the nature of the Authority's operations and its principal activities is included in the report of operations which does not form part of these financial statements.

Objectives and funding

The Authority's objectives are to protect, care for and improve our environment.

The Authority ceased to be funded from accrual-based parliamentary appropriations for the provision of outputs at the end of 2011-12. The Authority derives the majority of its revenue from Municipal and Industrial landfill levies and Prescribed Industrial Waste levies, litter fines and interest on investments.

Outputs of the Authority

Information about the Authority's output activities, and the expenses, income, assets and liabilities which are reliably attributable to those output activities is set out in the output activities schedule (Note 2). Information about expenses, income, assets and liabilities administered by the Authority are given in the schedule of administered expenses and income and the schedule of administered assets and liabilities (see Note 3).

Administered items

The Authority administers but does not control certain resources on behalf of the Crown. It is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for achievement of the Authority's objectives. For these resources, the Authority acts only on behalf of the Crown. Administered resources are accounted for using the accrual basis of accounting.

Transactions and balances relating to these administered resources are not recognised as Authority income, expenses, assets or liabilities within the body of the financial statements, but are disclosed in Note 3. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Authority.

Funds held in trust

Other trust activities on behalf of parties external to the Victorian Government

The Authority has responsibility for transactions and balances relating to trust funds on behalf of third parties external to the Victorian Government. Income, expenses, assets and liabilities managed on behalf of third parties are not recognised in these financial statements as they are managed on a fiduciary and custodial basis, and therefore are not controlled by the Authority or Victorian Government. These transactions and balances are reported in Note 3.

(d) Scope and presentation of financial statements

Comprehensive operating statement

Income and expenses in the net result are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of financial statements.

'Transactions' and 'other economic flows' are defined by the Australian system of government finance statistics: concepts, sources and methods 2005 Cat. No. 5514.0 published by the Australian Bureau of Statistics.

Balance Sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 Statement of cash flows.

(e) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

Appropriation income

The Authority ceased to be funded from accrual-based parliamentary appropriations for the provision of outputs at the end of 2011-12.

Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes. All amounts of income over which the Authority does not have control are disclosed as administered income in the schedule of administered income and expenses (see Note 3).

Revenue

Revenue including Land Fill levies and Prescribed Industrial Waste levies are recognised on an accrual basis in accordance with accounting standard AASB 118. Levies received during the year are recorded against the year the revenue was earned. Levies for which land fill operators have not submitted returns at the end of the financial year are recorded as accrued revenue.

Interest income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(f) Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee expenses

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including salaries, fringe benefit tax, leave entitlements, redundancy payments and Workcover premiums.

Superannuation - State superannuation defined benefit plans

The amount recognised in the net result in relation to employer contributions for members of defined benefit superannuation plans is the employer contributions that are paid or payable to these plans during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

The Department of Treasury and Finance (DTF) in their Annual Financial Statements recognise on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

Depreciation and amortisation

All plant and equipment that have a limited useful life are depreciated. Depreciation is calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following useful lives of assets are used in the calculation of depreciation for both current and prior years:

Asset class	Method	Useful life
Buildings leasehold improvements	straight line	10-25 years
Plant and equipment	straight line	2-20 years
Leased motor vehicles	straight line	1-3 years

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned separate useful lives distinct from the item of plant and equipment to which they relate.

Intangible produced assets with finite useful lives are amortised as an expense from transactions on a systematic (typically straight line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

Intangible assets are measured at cost less accumulated amortisation and impairment. Capitalised software costs are amortised on a straight-line basis over their useful lives of three to 10 years for both current and prior years.

Interest expense

Interest expense is recognised in the period in which it is incurred. Refer to glossary of terms in Note 29 for an explanation of interest expense items.

Grant and other expense transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable.

Capital asset charge

The capital asset charge is imposed by the Department of Treasury and Finance and represents the opportunity cost of capital invested in non-current physical assets used in the provision of outputs. The capital asset charge is calculated on the budgeted carrying amount of applicable non current physical assets.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred.

Bad and doubtful debts

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Those written off unilaterally and the allowance for doubtful receivables, are classified as other economic flows (refer to Note 1(i) Financial assets-Impairment of financial assets)

(g) Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions. These include:

Net gain/ (loss) on non-financial assets

Net gain/ (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Revaluation gains/ (losses) of non-current physical assets

Refer to accounting policy on property, plant and equipment, provided in Note 1(j) Non-financial assets.

Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

Impairment of non-financial assets

The Authority's non-financial assets, including intangible assets, are assessed annually for indications of impairment.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as another economic flow, except to the extent that the write down can be debited to an asset revaluation surplus amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

(h) Administered income

Taxes, fines and regulatory fees

The Authority does not gain control over assets arising from taxes, fines and regulatory fees, except litter fines and prescribed industry waste levy, consequently no income is recognised in the Authority's financial statements. The Authority collects these amounts on behalf of the Crown. Accordingly, the amounts are disclosed as income in the schedule of administered items (see Note 3).

(i) Financial assets

Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Receivables

Receivables consist predominantly of amounts owing from the Victorian Government, debtors in relation to fines and regulatory fees, accrued Land Fill levy and Prescribed Industrial Waste levy and GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments. These receivables mainly include debtors in relation to goods and services and accrued investment income.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for any impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified, mainly relating to litter fines based on historical collection patterns of debt referred to the Infringement Court.

Impairment of financial assets

The Authority assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments and debts which are more than 90 days overdue. All financial assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The bad debts not written off by mutual consent and allowance for doubtful receivables are classified as 'other economic flows'.

In assessing impairment of statutory (non-contractual) financial assets which are not financial instruments, the Authority applies professional judgement in assessing materiality and using estimates, averages and computational shortcuts in accordance with AASB 136 Impairment of assets.

(j) Non-financial assets

Non-financial assets classified as held-for-sale

Non-financial assets classified as held-for-sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation.

Non-financial assets, disposal groups, and related liabilities are treated as current and classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed within 12 months from the date of classification.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

The fair value of plant, equipment and vehicles, is determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

Leasehold improvements

The cost of a leasehold improvement is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvement, whichever is the shorter.

Non-current physical assets arising from finance leases

Refer to Note 1(l) Leases.

Revaluation of non-current assets

Non-current physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions. A full revaluation normally occurs every five years, based on the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. The majority of non-current assets held by the Authority are 'fit out' leasehold improvements to buildings. The depreciated cost of leasehold improvements is an acceptable approximation of fair value.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in other comprehensive income and accumulated in equity under the revaluation surplus, except that the net revaluation increase shall be recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except that the net revaluation decrease shall be recognised in other comprehensive income to the extent that a credit balance exists in the revaluation surplus in respect of the same class of property, plant and equipment. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any revaluation surplus is not normally transferred to accumulated funds on de-recognition of the relevant asset.

Intangible assets

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Authority.

Other non-financial assets

Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Impairment of non-financial assets

Refer to Note 1(g) other economic flows included in net result.

(k) Liabilities

Payables

Payables consist predominantly of accounts payable and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to the Authority prior to the end of the financial year that are unpaid, and arise when the Authority becomes obliged to make future payments in respect of the purchase of those goods and services.

Payables are initially recognised at fair value, being the cost of the goods and services, and subsequently measured at amortised cost.

Borrowings

Borrowings are initially measured at fair value, being the cost of the borrowings, net of transaction costs (refer to Note 1(l) Leases).

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in net result over the period of the borrowing using the effective interest method.

Financial guarantees

Payments that are contingent under financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may have to be exercised, then it 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 cumulative amortisation, where appropriate.

In the determination of fair value, consideration is given to factors including the overall capital management/prudential supervision framework in operation, the protection provided by the State Government by way of funding should the probability of default increase, probability of default by the guaranteed party and the likely loss to the Authority in the event of default.

The Authority has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts at 30 June 2013 and at 30 June 2012.

Provisions

Provisions are recognised when the Authority has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave which are expected to be settled within 12 months of the reporting period, are recognised in the provision for employee benefits. These liabilities are classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability-unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Authority does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value - component that the Authority expects to settle within 12 months; and
- present value - component that the Authority does not expect to settle within 12 months.

Non-current liability - conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1(g) Other economic flows included in net result).

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Authority recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Employee benefits on-costs

Employee benefits on costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

(l) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

Authority as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Operating leases

Authority as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Equity

Contributions by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

No contributions by owners were received by the Authority for the financial year ending 30 June 2013 (30 June 2012 Nil).

(n) Commitments

Commitments are disclosed at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

(o) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(p) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(q) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

(r) AASs issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2013 reporting period. DTF assesses the impact of these new standards and advises the Authority of their applicability and early adoption where applicable.

As at 30 June 2013, the following standards and interpretations (applicable to the Authority) had been issued but were not mandatory for the financial year ending 30 June 2013. The Authority has not early adopted these standards.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Authority's financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the AASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 Jan 2015	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting. Detail of impact is still being assessed by the Authority. Minimal impact is expected.
AASB 13 Fair Value Measurement	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively detailed compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures required assets measured using depreciated replacement cost. Authority still to assess impact of amendment.
AASB 119 Employee Benefits	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows - other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions a few Victorian public sector entities that report superannuation defined benefit plans. No impact is expected to the Authority's reporting.
AASB 1055 Budgetary Reporting	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to NFP entities within the GGS, provided that these entities present separate budget to the parliament.	1 Jan 2014	

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In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2012-13 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The two AASB Interpretations in the list below are also not effective for the 2012-13 reporting period and considered to have insignificant impacts on public sector reporting.

- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9.
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
- AASB 2010-10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters.
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 2011-6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements.
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.
- AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20
- 2012-1 Amendments to Australian Accounting Standards-Fair Value Measurement-Reduced Disclosure Requirements.
- 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities.
- 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities.
- 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- 2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.
- 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments.
- 2012-11 Amendments to Australian Accounting Standards - Reduced Disclosure Requirements and Other Amendments.
- 2013-2 Amendments to AASB 1038 - Regulatory Capital.
- 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets.
- AASB Interpretation 21 Levies.

Note 2. Authority (controlled) outputs

A description of the Authority's outputs performed during the financial year ended 30 June 2013, and the objectives of these outputs, are summarised below.

Description of output

To provide the framework for sustainable improvements in environmental quality through:

- Statutory policy, legislation and regulations;
- Measuring and reporting environmental quality;
- Promoting adoption of best practice environmental management in industry; and
- Increasing public awareness of and access to the wide range of information generated by the Authority.

Schedule A-Controlled income and expenses by funding source for the year ended 30 June 2013

The Authority ceased to be funded from accrual-based parliamentary appropriations for the provision of outputs at the end of 2011-12. EPA Program is now consolidated as part of the Environment Protection Fund.

											(\$ thousand)
	EPA Program		Environment Protection Trust Fund		Treasury Trust		Financial Assurances Trust Fund		Authority Total		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
<i>Continuing operations</i>											
<i>Income from transactions</i>											
Revenue	-	-	190,942	196,369	-	(3)	-	-	190,942	196,366	
Output appropriations	-	34,394	-	-	-	-	-	-	-	34,394	
Other income	-	-	2,135	-	-	-	-	-	2,135	-	
Total income from transactions	0	34,394	193,077	196,369	0	(3)	0	0	193,077	230,760	
<i>Expenses from transactions</i>											
Employee expenses	-	(8,757)	(35,584)	(27,829)	-	-	-	-	(35,584)	(36,586)	
Grants and other expense transfers	-	(1,150)	(68,525)	(67,785)	-	-	-	-	(68,525)	(68,935)	
Depreciation and amortisation	-	(2,013)	(4,302)	(970)	-	-	-	-	(4,302)	(2,983)	
Capital asset charge	-	(960)	(960)	-	-	-	-	-	(960)	(960)	
Interest expense	-	(112)	(111)	(5)	-	-	-	-	(111)	(117)	
Other operating expenses	-	(21,374)	(29,582)	(4,337)	-	-	-	-	(29,582)	(25,711)	
Total expenses from transactions	0	(34,366)	(139,064)	(100,926)	0	0	0	0	(139,064)	(135,292)	
Net result from transactions (net operating balance) for the year	0	28	54,013	95,443	0	(3)	0	0	54,013	95,468	
<i>Other economic flows included in net result</i>											
Net gain/(loss) on non-financial assets	-	68	183	6	-	-	-	-	(183)	74	
Net gain/(loss) on statutory receivables	-	-	(1,033)	(539)	-	-	-	-	(1,033)	(539)	
Other gains/(losses) from other economic flows	-	(206)	197	(46)	-	-	-	-	197	(252)	
Total other economic flows included in net result	0	(138)	(1,019)	(579)	0	0	0	0	(1,019)	(717)	
Total comprehensive result for the year	0	(110)	52,994	94,864	0	(3)	0	0	52,994	94,751	

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Schedule B-Controlled assets and liabilities as at 30 June 2013

											(\$ thousand)
	EPA Program		Environment Protection Trust Fund		Treasury Trust		Financial Assurances Trust Fund		Authority Total		
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	
Assets											
Financial assets	-	24,704	362,205	288,134	218	218	51	51	362,474	313,107	
Non-financial assets	-	16,112	34,931	12,055	-	-	-	-	34,931	28,167	
Total assets	0	40,816	397,136	300,189	218	218	51	51	397,405	341,274	
Liabilities	-	18,169	35,784	14,478	-	-	51	51	35,835	32,698	
Total liabilities	0	18,169	35,784	14,478	0	0	51	51	35,835	32,698	
Net assets	0	22,647	361,352	285,711	218	218	0	0	361,570	308,576	

Note 3. Administered (non-controlled) items

In addition to the specific Authority operations which are included in the financial statements (balance sheet, comprehensive operating statement and cash flow statement), the Authority administers or manages other activities on behalf of the State. The transactions relating to these State activities are reported as administered items in this note. Administered transactions give rise to income, expenses, assets and liabilities and are determined on an accrual basis. Administered income includes taxes, fees and fines. Administered assets include government income earned but yet to be collected. Administered liabilities include government expenses incurred but yet to be paid. Both the controlled Authority financial statement and these administered items are consolidated into the financial statements of the State.

			(\$ thousand)	
			2013	2012
Administered income from transactions				
Regulatory fees			11,923	13,829
Miscellaneous			1,770	3,772
Fines			223	356
User charges			223	213
Total administered income from transactions			14,139	18,170
Administered expenses from transactions				
Payments into the consolidated fund			(15,193)	(17,782)
Total administered expenses from transactions			(15,193)	(17,782)
Administered net result from transactions (net operating balance) for the year			(1,054)	388
Administered other economic flows included in administered net result				
Net gain/(loss) on receivables			(56)	(35)
Total administered other economic flows included in administered net result			(56)	(35)
Total administered comprehensive result for the year			(1,110)	353

Note 3. Administered (non-controlled) items (Continued)

	(\$ thousand)	
	2013	2012
Administered financial assets		
Receivables	1,621	2,740
Total administered financial assets	1,621	2,740
Total administered assets	1,621	2,740
Administered liabilities		
Creditors and accruals	-	-
Unearned income	-	11
Total administered liabilities	0	11
Total administered net assets	1,621	2,729

Note 4. Income from transactions

	(\$ thousand)	
	2013	2012
(a) Revenue		
Landfill levy	151,919	151,350
Landfill levy penalty interest	9	10
Licence levy	282	376
Prescribed industrial waste levy	27,677	34,593
Interest from financial assets	7,107	7,464
Litter fines	3,680	2,385
Miscellaneous	-	(3)
Environment audit fees	268	191
Total income from the Environment Protection Trust Fund	190,942	196,366
(b) Output appropriations		
Output appropriations	-	34,394
Total output appropriations	0	34,394
(c) Other Income		
Grants from Departments	2,135	-
Total other income	2,135	0

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Note 5. Expenses from transactions

	(\$ thousand)	
	2013	2012
(a) Employee expenses		
Salary and associated costs	33,330	34,251
Post employment benefits:		
Defined contribution superannuation expense	1,999	2,034
Defined benefit superannuation expense	255	301
Total employee expenses	35,584	36,586
(b) Grants and other expense transfers		
Grants to Victorian Government entities within portfolio	31,669	37,845
Grants to Victorian Government entities outside portfolio	47	9
Grants to external organisations	36,809	31,081
Total grants and other expense transfers	68,525	68,935
(c) Depreciation and amortisation		
Depreciation:		
Building leasehold improvements	1,008	957
Plant and equipment	1,458	1,421
Total depreciation	2,466	2,378
Amortisation:		
Software	1,322	81
Motor vehicles under lease	514	524
Total amortisation	1,836	605
Total depreciation and amortisation	4,302	2,983
(d) Capital asset charge	960	960
(e) Interest expense		
Interest on finance leases	111	117
Total interest expense	111	117
(f) Other operating expenses		
Supplies and services	26,906	23,198
Victorian Auditor-General's Office-audit or review of the financial statements	50	49
Operating lease rental expenses:		
Minimum lease payments	2,626	2,464
Total other expenses	29,582	25,711

Note 6. Other economic flows included in net result

		(\$ thousand)	
	Notes	2013	2012
(a) Net gain/(loss) on non-financial assets			
Net gain/(loss) on disposal of property, plant and equipment		(183)	74
Total net gain/(loss) on non-financial assets		(183)	74
(b) Net gain/(loss) on statutory receivables			
Impairment of statutory receivables		(1,033)	(539)
Total net gain/(loss) on statutory receivables		(1,033)	(539)
(c) Other gains/(losses) from other economic flows			
Net gain/(loss) arising from revaluation of long service leave liability (i)		245	(206)
Unwinding of provisions	14(b)	(48)	(46)
Total other gains/(losses) from other economic flows		197	(252)

Note:

(i) Revaluation gain/(loss) due to changes in bond rates.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Note 7. Receivables

	(\$ thousand)	
	2013	2012
Current receivables		
Statutory		
Amounts owing from State Government (i)	40,426	56,871
Fines and regulatory fees	32,278	17,432
GST Input tax credit recoverable	922	1,654
Allowance for doubtful debts (See also Note 7(a) below)	(1,535)	(1,063)
Accrued revenue-Environment Protection Fund (ii) & (iii)	44,605	46,552
	116,696	121,446
Contractual		
Trade debtors	755	1,542
Amounts owing from Commonwealth Government	94	222
Interest receivable	1,816	1,131
Other receivables	-	-
	2,665	2,895
Total current receivables	119,361	124,341
Non-current receivables		
Contractual		
Amounts owing from Commonwealth Government	853	572
Total non-current receivables	853	572
Total receivables	120,214	124,913

Note:

- (i) The amounts recognised from Victorian Government represent funding for all commitments incurred through the Environment Protection Fund and are drawn from the Trust fund as the commitments fall due.
- (ii) 2012-13 accrued revenue comprises estimated landfill levy receipts (including Prescribed Industrial Waste) and accrued litter fines.
- (iii) Accrued revenue includes amounts for levies which remain unpaid at 30 June 2013. Management has assessed these outstanding amounts and believes they are fully recoverable by the Authority.

(a) Movement in the provision for doubtful statutory receivables

	(\$ thousand)	
	2013	2012
Balance at beginning of the year	(1,063)	(1,138)
Reversal of provision for receivables written off during the year as uncollectible	560	614
Increase in provision recognised in the net result	(1,033)	(539)
Balance at end of the year	(1,536)	(1,063)

(b) Ageing analysis of contractual receivables

Please refer to Table 19.2 in Note 19 for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from contractual receivables

Please refer to Note 19 for the nature and extent of risks arising from contractual receivables.

Note 8. Property, plant and equipment**Table 8.1: Classification by 'Public Safety and Environment' purpose group-gross carrying amounts and accumulated depreciations**

	(\$ thousand)		
	2013	2012	
Buildings leasehold improvements			
At valuation (i)	7,491	7,491	
Less: accumulated depreciation	(2,090)	(1,790)	
At fair value (ii)	8,691	8,674	
Less: accumulated depreciation	(2,492)	(1,785)	
Total buildings leasehold improvements	11,600	12,590	
Plant and equipment			
At fair value (ii)	18,008	17,434	
Less: accumulated depreciation	(13,671)	(12,764)	
Total plant and equipment	4,337	4,670	
Work-in-Progress			
At cost Value	20	8,286	
Total	20	8,286	
Leased vehicles			
At fair value (ii)	2,312	2,469	
Less: accumulated depreciation	(791)	(816)	
Total leased vehicles	1,521	1,653	
Net carrying amount of property, plant and equipment	17,478	27,199	

Notes:

- (i) During 2011-12 an independent valuation of the Authority's building leasehold assets was performed by Napier & Blakeley to determine the fair value of the building leasehold improvements. The valuation assumptions included envisaging reconstruction to a modern equivalent standard, removal of debris allowance, professional/ council fees and ensuring any upgrade meets building regulations standards. At the time of valuation, no material variance existed between the carrying amount of the asset and the valuation.
- (ii) The Authority measures items of plant and equipment, buildings leasehold improvements and leased vehicles at cost on initial recognition as an asset. During the financial year, the Authority reviewed the fair value of plant and equipment and leased vehicles and it was determined that the fair value was not materially different to the depreciated cost. Therefore the depreciated cost has been considered as fair value for plant and equipment and leased vehicles as at 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Note 8. Property, plant and equipment (continued)**Table 8.2: Classification by 'Public Safety and Environment' purpose group-movements in carrying amounts**

	(\$ thousand)					
2013	Buildings leasehold improvements at valuation & fair value	Plant and equipment at fair value	Leased vehicles at fair value	Work-in-progress	Total	
Opening balance	12,590	4,670	1,653	8,286	27,199	
Additions	17	1,178	676	20	1,891	
Disposals	-	(53)	(332)	-	(385)	
Transfer to:						
-non-financial assets held-for-sale	-	-	(54)	-	(54)	
Building leasehold improvements	-	-	-	(8,286)	(8,286)	
Depreciation	(1,007)	(1,458)	(422)	-	(2,887)	
Closing balance	11,600	4,337	1,521	20	17,478	
2012						
Opening balance	12,785	5,673	1,613	1,202	21,273	
Additions	761	468	922	7,337	9,488	
Disposals	-	(50)	(322)	-	(372)	
Transfer to:						
-non-financial assets held-for-sale	-	-	(36)	-	(36)	
Building leasehold improvements	-	-	-	(253)	(253)	
Depreciation	(956)	(1,421)	(524)	-	(2,901)	
Closing balance	12,590	4,670	1,653	8,286	27,199	

Note 9. Intangible assets

	(\$ thousand)	
	2013	2012
Gross carrying amount at cost		
Opening balance	1,654	1,494
Additions to software	18,139	160
Disposals of software	(508)	-
Closing balance	19,285	1,654
Accumulated amortisation and impairment		
Opening balance	(1,190)	(1,110)
Amortisation expense (i)	(1,322)	(81)
Disposals	293	-
Closing balance	(2,219)	(1,190)
Net book value at the end of the financial year	17,066	464

Notes:

(i) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the comprehensive operating statement.

Significant intangible assets

The Authority had previously capitalised the development of its EREP software system, with the implementation of Integrated Business Information system the EREP system was de-commissioned and written off. The asset has a \$0 carrying amount (2012: \$218,380).

Note 10. Non-current assets classified as held-for-sale

	(\$ thousand)	
	2013	2012
Non-current assets		
Leased vehicles held-for-sale(i)	54	36
Total non-current assets classified as held-for-sale	54	36

Notes:

(i) Leased vehicles held-for-sale represent motor vehicles identified for immediate disposal in their current condition through the Vic fleet disposal process. It is anticipated that these disposals will be completed within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Note 11. Other non-financial assets

	(\$ thousand)	
	2013	2012
Current other assets		
Prepayments	333	468
Total current other assets	333	468
Total other non-financial assets	333	468

Note 12. Borrowings

	(\$ thousand)	
	2013	2012
Current borrowings-secured		
Finance lease liabilities (i)	766	767
Total current borrowings	766	767
Non-current borrowings-secured		
Finance lease liabilities (i)	830	945
Total non-current borrowings	830	945
Total borrowings	1,596	1,712

Notes:

(i) Secured by the assets leased. Finance leases are effectively secured as the rights of the leased assets revert to the lessor in the event of a default.

(a) Maturity analysis of borrowings

Please refer to table 19.3 in Note 19 for the ageing analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Please refer to Note 19 for the nature and extent of risk arising from borrowings.

(c) Defaults and breaches

During the current and prior year there were no defaults and breaches of any of the loans.

Note 13. Payables

	(\$ thousand)	
	2013	2012
Current payables-unsecured		
Contractual		
Trade creditors	1,867	3,425
Accruals	12,277	10,556
Salaries and other employee entitlements	693	755
	14,837	14,736
Statutory		
Other payables	922	1,654
Total current payables	15,759	16,390
Non-current payables-unsecured		
Contractual		
Trade creditors	1,235	1,002
Statutory		
Financial assurance cash deposits (i)	51	51
Total non-current payables	1,286	1,053
Total payables	17,045	17,443

Notes:

(i) Assurances are held to offset potential clean-up costs which may be incurred by the Authority. Clients have the option of lodging either cash deposits or bank guarantees. Note 19(e) shows details of bank guarantees held at 30 June 2013.

(a) Maturity analysis of contractual payables

Please refer to table 19.3 in Note 19 for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Please refer to Note 19 for the nature and extent of risk arising from contractual payables.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Note 14. Provisions

		(\$ thousand)	
	Notes	2013	2012
Current provisions			
Employee benefits-annual leave	14(a)	2,920	2,881
Employee benefits-long service leave:			
Unconditional and expected to be settled within 12 months (i)	14(a)	372	431
Unconditional and expected to be settled after 12 months (ii)	14(a)	3,538	3,291
		6,830	6,603
Provisions related to employee benefit on-costs:			
Unconditional and expected to be settled within 12 months (i)	14(a)	55	64
Unconditional and expected to be settled after 12 months (ii)	14(a)	527	491
		582	555
Site remediation and disposal of chemical stockpile (i)	14(b)	5,309	2,876
Total current provisions		12,721	10,034
Non-current provisions			
Employee benefits (ii)	14(a)	904	769
Employee benefits on costs (ii)	14(a)	135	115
Site remediation and disposal of chemical stockpile (i)	14(b)	2,454	1,693
Site restoration of leasehold improvement (ii)	14(b)	980	932
Total non-current provisions		4,473	3,509
Total provisions		17,194	13,543

Notes:

(i) The amounts disclosed are nominal amounts.

(ii) The amounts disclosed are discounted to present values.

Note 14. Provisions (continued)

(a) Employee benefits and related on-costs

	(\$ thousand)	
	2013	2012
Current employee benefits		
Annual leave entitlements	2,920	2,881
Long service leave entitlements	3,910	3,722
Total current employee benefits	6,830	6,603
Non-current employee benefits		
Long service leave entitlements	904	770
Total non-current employee benefits	904	770
Total employee benefits	7,734	7,373
Current on-costs	582	556
Non-current on-costs	135	115
Total on-costs	717	671
Total employee benefits and related on-costs	8,451	8,044

(b) Movements in other provisions

	(\$ thousand)		
	Site remediation, disposal of chemical stockpile and other provisions	Site restoration of leasehold improvement	Total
	2013	2013	2013
Opening balance	4,569	932	5,501
Additional provisions recognised	3,919	-	3,919
Reduction arising from payments/other sacrifices of future economic benefits	(725)	-	(725)
Unwind of discount and effect of changes in the discount rate	-	48	48
Closing balance	7,763	980	8,743
	2012	2012	2012
Opening balance	6,240	886	7,126
Additional provisions recognised	640	-	640
Reduction arising from payments/other sacrifices of future economic benefits	(2,311)	-	-
Unwind of discount and effect of changes in the discount rate	46	-	-
Closing balance	4,569	932	5,501

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Note 14. Provisions (continued)

(b) Movements in other provisions (continued)

Site remediation and disposal of chemical stockpile

The Authority holds chemicals and dangerous goods stockpiles from three sources and an interest in site remediation:

- 1) Chemicals from the Chemcollect program, a chemical collection program run under joint agreement between the Commonwealth and State Governments. Under this agreement the Authority can recover 50% of the costs associated with this project. The estimated cost of disposing the remaining chemicals as at 30 June 2013 is \$1.894 million (2012: \$1.59 million).
- 2) The Authority continues to hold a stockpile of dangerous goods (chemicals) collected as part of a rural chemical collection program, run by the former Melbourne Metropolitan Board of Works. The estimated cost of disposing of these chemicals is \$0.67 million (2012: \$0.54 million).
- 3) The Authority has successfully prosecuted a former scheduled licence holder following the abandonment of prescribed industrial waste at the licence holder's leased premises and other premises. The Authority made these wastes safe for transport and ongoing storage. A significant proportion of these wastes has been disposed of, and the remaining stockpile has been moved to licensed schedule 4 premises for ongoing storage. The Authority has been involved with these abandoned wastes to ensure there is no risk to the environment or human health in the future. The total estimated cost of storing, treating and disposing of these wastes as at 30 June 2013 is \$1.9 million (2012: \$1.84 million).
- 4) The Authority has commenced work with a local council in relation to a remediation of a contaminated site. Various options to remediate the site in order to remove any threat to human health have been explored. The total cost of remediation is estimated to be \$1.13 million (2012: \$0.58 million). Refer to contingent liabilities (Note 18).

Site restoration of leasehold improvement

The provision for site restoration of leasehold improvement represents the present value of the future payments that the Authority is presently obligated to make in respect of make good clauses under non-cancellable operating lease agreements. The estimate will vary if the Authority exercises its option to a further term. The unexpired term of the lease varies up to a maximum of 15 years.

Note 15. Superannuation

Employees of the Authority are entitled to receive superannuation benefits and the Authority contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

The Authority does not recognise any defined benefit liability in respect of the plans because the Authority has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the net result of the Authority.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Authority are as follows:

Note 15. Superannuation (continued)

Fund	(\$ thousand)			
	Paid contribution for the year		Contribution outstanding at year end	
	2013	2012	2013	2012
Defined benefit plans:				
Emergency Services and State Superannuation Fund (ESS)- new scheme	155	186	-	-
Emergency Services and State Superannuation Fund (ESS)- revised	87	111	-	-
Emergency Services and State Superannuation Fund (ESS)- Accumulation Scheme	3	7	-	-
Other	10	4	-	-
Total defined benefit plans	255	308	0	0
Defined contribution plans:				
VicSuper	1,614	1,630	-	-
Other	385	397	-	-
Total defined contribution plans	1,999	2,027	0	0
Total	2,254	2,335	0	0

Note 16. Leases

Leasing arrangements

Operating leases

The Authority has entered into a number of operating lease agreements where the lessors effectively retain the risks and benefits incidental to ownership of the leased items. Lease payments are charged to the net result over the lease term as payments made are representative of the pattern of benefits derived.

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are:

	(\$ thousand)	
	2013	2012
Non-cancellable operating lease payables		
Not longer than one year	2,292	2,481
Longer than one year and not longer than five years	8,887	8,794
Longer than five years	7,581	9,922
Total	18,760	21,197

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Note 16. Leases (continued)

Finance leases

Under the Department of Treasury and Finance's vehicle leasing policy, vehicles leased after 1 February 2004 are subject to Finance lease arrangements, where the Authority retains the risks and benefits incidental to ownership of these leased vehicles.

	Notes	(\$ thousand)			
		Minimum future lease payments (i)		Present value of minimum future lease payments	
		2013	2012	2013	2012
Finance lease liabilities payable					
Not longer than one year		841	851	766	767
Longer than one year and not longer than five years		871	994	830	945
Longer than five years		-	-	-	-
Minimum future lease payments		1,712	1,845	1,596	1,712
Less: future finance charges		(116)	(133)	-	-
Present value of minimum lease payments		1,596	1,712	1,596	1,712
Included in the financial statements as:					
Current borrowings lease liabilities	12			766	767
Non-current borrowings lease liabilities	12			830	945
Total borrowings lease liabilities				1,596	1,712

Notes:

(i) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

(a) Maturity analysis of finance lease liabilities

Please refer to table 19.3 in Note 19 for the ageing analysis of finance lease liabilities.

(b) Nature and extent of risk arising from finance lease liabilities

Please refer to Note 19 for the nature and extent of risk arising from finance lease liabilities.

Note 17. Commitments for expenditure

The following commitments have not been recognised as liabilities in the financial statements:

	(\$ thousand)	
	2013	2012
Capital expenditure commitments (i)		
Property, plant and equipment payable		
Not longer than one year (ii)	1,062	7,121
Longer than one year and not longer than five years	-	-
Longer than five years	-	-
Total capital expenditure commitments	1,062	7,121
Other expenditure commitments (i)		
Payable		
Not longer than one year	23	110
Longer than one year and not longer than five years	-	-
Longer than five years	-	-
Total other expenditure commitments	23	110

Notes:

(i) All amounts shown in the commitments note are nominal amounts inclusive of GST.

(ii) Finance lease and non-cancellable operating lease commitments are disclosed in Note 16.

Note 18. Contingent assets and contingent liabilities

Contingent assets

There were no contingent assets for the Authority at 30 June 2013.

At 30 June 2009, the Authority had issued proceedings disputing a recycling claim submitted by a licensed landfill operator which was resolved during the current financial year.

Contingent liabilities

The Authority has the following unquantifiable contingent liabilities:

1a) A landfill waste operator in Victoria has lodged a claim with the Supreme Court disputing their liability to pay landfill levies for its operations. The claim starts from March 2008 at which time the operator was granted a partial exemption from paying full landfill levies. The Authority believes it has acted in accordance with the *Environment Protection Act (1970)* and is contesting the claim.

1b) During the course of the year the landfill waste operator has acknowledged the Limitations of Actions Act which had the effect of restricting the claim for payments to EPA of levy to twelve months from the time the claim was lodged. As a consequence the potential claim by the operator has reduced from \$6.999 million to \$3.198 million

1c) At the time of preparing the financial statements a further \$13.883 million has been accounted for as revenue and included as regulatory fees receivable from the waste operator relating to the dispute

1d) The case was heard in the Supreme Court in August 2013. A judgement is expected to be made later in the year.

2) At 30 June 2013, the Authority has a number of matters subject to prosecution and litigation action, for which the Authority may be liable for legal costs if unsuccessful. Due to the diversity of issues associated with prosecution matters and their discretionary nature, quantification of the financial effect cannot be reliably estimated and therefore impractical to do so.

3) The Authority has recognised a liability for works related to several contaminated sites (Note 14(b)). On completion of the works, the Authority may have a further unquantified obligation, dependent upon subsequent tests and community negotiation. Therefore, quantification of the financial effect cannot be reliably estimated and therefore impractical to do so.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Note 19. Financial instruments

(a) Financial risk management objectives and policies

The Authority's principal financial instruments comprise:

- cash assets;
- term deposits;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables); and
- finance lease payables.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability above are disclosed in Note 1 to the financial statements.

The carrying amounts of the Authority's contractual financial assets and financial liabilities by category are in Table 19.1 below.

Table 19.1: Categorisation of financial instruments

		(\$ thousand)		
	Category	Note	2013	2012
Contractual financial assets				
Cash and cash equivalents	Not applicable	20(a)	242,260	188,194
Receivables	Loans and receivables	7	3,518	3,467
Total contractual financial assets (i)			245,778	191,661
Contractual financial liabilities				
Payables	Financial liabilities at amortised cost	13	16,072	15,738
Finance lease liabilities	Financial liabilities at amortised cost	12, 16	1,596	1,712
Total contractual financial liabilities (ii)			17,668	17,450

Note:

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. amounts owing from Victorian Government and GST input tax credit recoverable).

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. taxes payable).

(b) Credit risk

The Authority's exposure to credit risk arises from the potential default of counter parties on their contractual obligations resulting in financial loss to the Authority. The credit risk on financial assets of the Authority which have been recognised on the balance sheet, is generally the carrying amount, net of any provisions for doubtful debts.

Maximum exposure to credit risk is the carrying amounts of financial assets.

As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of financial assets that are past due but not impaired

Note 19. Financial instruments

(b) Credit risk (continued)

Table 19.2: Ageing analysis of contractual financial assets (i)

								(\$ thousand)
2013	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets	
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years		
Cash and cash equivalents	242,260	242,260	-	-	-	-	-	
Receivables								
Trade debtors	755	754	-	1	-	-	-	
Receivables from Commonwealth Government	947	947	-	-	-	-	-	
Interest receivables	1,816	1,816	-	-	-	-	-	
Other receivables	-	-	-	-	-	-	-	
Total	245,778	245,777	0	1	0	0	0	
2012								
Cash and cash equivalents	188,194	188,194	-	-	-	-	-	
Receivables								
Trade debtors	1,542	1,541	1	-	-	-	-	
Receivables from Commonwealth Government	794	794	-	-	-	-	-	
Interest receivables	1,131	1,131	-	-	-	-	-	
Other receivables	-	-	-	-	-	-	-	
Total	191,661	191,660	1	0	0	0	0	

Note:

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

(c) Liquidity risk

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, makes payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

The following table discloses the contractual maturity analysis for the Authority's financial liabilities:

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Note 19. Financial instruments (continued)**Table 19.3: Maturity analysis of contractual financial liabilities (i)**

								(\$ thousand)
								Maturity dates
2013	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years	
Payables (ii):								
Trade creditors	3,102	3,102	1,778	89	-	-	1,235	
Accruals	12,277	12,277	12,277	-	-	-	-	
Salaries and other employee entitlement	693	693	693	-	-	-	-	
Borrowings:								
Finance lease liabilities	1,596	1,712	177	136	528	871	-	
Total	17,668	17,784	14,925	225	528	871	1,235	
2012								
Payables (ii):								
Trade creditors	4,427	4,427	3,279	146	-	-	1,002	
Accruals	10,556	10,556	10,556	-	-	-	-	
Salaries and other employee entitlement	755	755	755	-	-	-	-	
Borrowings:								
Finance lease liabilities	1,712	1,845	193	113	545	994	-	
Total	17,450	17,583	14,783	259	545	994	1,002	

*Note:**(i) Maturity analysis is presented using the contractual undiscounted cash flows.**(ii) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables). The Authority intends to settle the above financial liabilities in line with its contractual obligations.***(d) Market risk**

The Authority's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Foreign currency risk

The Authority is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

The Authority manages its risk through monitoring of movements in exchange rates against US dollars and ensures availability of funds through rigorous cash flow planning and monitoring. Based on past and current assessment of economic outlook, it is deemed unnecessary for the Authority to enter into any hedging arrangements to manage the risk.

Interest rate risk

Exposure to interest rate risk is insignificant and might arise primarily through the Authority's variable rate cash deposits. The Authority's exposure is insignificant due to its policy to minimise risk by mainly undertaking fixed rate investments with relatively even maturity profiles which are managed by Treasury Corporation of Victoria.

Note 19. Financial instruments (continued)

Table 19.4: Interest rate exposure of contractual financial instruments

(\$ thousand)					
2013	Weighted average interest rate %	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
Financial assets					
Cash and cash equivalents	3.58%	242,260	240,880	1,374	6
Receivables:					
Trade debtors		755	-	-	755
Receivables from Commonwealth Government		947	-	-	947
Interest receivables	3.03%	1,816	1,816	-	-
Other receivables		-	-	-	-
Total financial assets		245,778	242,696	1,374	1,708
Financial liabilities					
Payables		16,072	-	-	16,072
Finance lease liabilities	6.59%	1,596	1,596	-	-
Total financial liabilities		17,668	1,596	0	16,072
2012					
Financial assets					
Cash and cash equivalents	4.72%	188,194	184,800	3,387	7
Receivables:					
Trade debtors		1,542	-	-	1,542
Receivables from Commonwealth Government		794	-	-	794
Interest receivables	3.96%	1,131	1,131	-	-
Other receivables		-	-	-	-
Total financial assets		191,661	185,931	3,387	2,343
Financial liabilities					
Payables		15,738	-	-	15,738
Finance lease liabilities	6.62%	1,712	1,712	-	-
Total financial liabilities		17,450	1,712	0	15,738

Sensitivity disclosure analysis and assumptions

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Authority believes the following movements are 'reasonably possible' over the next 12 months.

- a movement of 200 basis points up and down (2012: 200 basis points up and down) in market interest rates (AUD) from year-end rates of 3.10 per cent (2012: 3.45 per cent).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Table 19.5: Market risk exposure

		(\$ thousand)			
		Interest rate risk			
		- 200 basis points		+ 200 basis points	
2013	Carrying amount	Net result	Equity	Net result	Equity
Contractual financial assets:					
Cash and cash equivalents (i)	242,260	(27)	(27)	27	27
Receivables	3,518	-	-	-	-
Contractual financial liabilities:					
Payables	16,072	-	-	-	-
Finance lease liabilities	1,596	-	-	-	-
Total impact	263,446	(27)	(27)	27	27
2012					
		- 200 basis points		+ 200 basis points	
Contractual financial assets:					
Cash and cash equivalents (i)	188,194	(68)	(68)	68	68
Receivables	3,467	-	-	-	-
Contractual financial liabilities:					
Payables (ii)	15,738	-	-	-	-
Finance lease liabilities	1,712	-	-	-	-
Total impact	209,111	(68)	(68)	68	68

Notes:

(i) Cash and cash equivalents includes a deposit of \$1,374 thousand (2012 \$3,387 thousand) that is exposed to floating rate movements.

Sensitivities to these movements are calculated as follows:

- 2013: \$1,374 thousand x -0.02 = -\$27 thousand; and \$1,374 thousand x +0.02 = \$27 thousand.

- 2012 \$3,387 thousand x -0.02 = -\$68 thousand; and \$3,387 thousand x +0.02 = \$68 thousand.

(e) Fair value**On-balance sheet**

The net fair value of cash, cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Authority approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists, or by discounting the expected future cash flows by current interest rates for assets and liabilities with similar risk profiles.

As at 30 June 2013 and 30 June 2012, no financial assets or financial liabilities held by the Authority required fair value measurement subsequent to initial recognition.

Off-balance sheet

The Authority has financial assurances (bank guarantees) that it may draw down on if required. These have a monetary face value which approximates their carrying value. The values of these financial assurances are \$140.9 million (2012: \$141.1m).

The Authority has potential financial liabilities which may arise from certain contingencies disclosed in Note 18.

Note 20. Cash flow information

(a) Reconciliation of cash and cash equivalents

	(\$ thousand)		
	2013	2012	
Cash at bank (i)	(1)	-	
Cash on hand	7	7	
Deposits held with Treasury Corporation of Victoria			
Investments—deposits at call	1,374	3,387	
Investments—fixed term deposits	240,880	184,800	
Balance as per cash flow statement	242,260	188,194	

Notes:

(i) The above funding arrangements often result in the Authority having a notional shortfall in the cash at bank required for payment of unpresented cheques at the reporting date. At 30 June 2013, there was an unpresented amount of \$788 at cash at bank.

Investments

Investments comprise deposits held with the Treasury Corporation of Victoria. At call deposits are floating rate interest bearing between 3.10% and 3.45% (2012: 3.45% and 4.70%). Fixed deposits have average interest bearing rates of 3.58% (2012: 4.72%)

Cash at bank

Due to the State of Victoria's investment policy and Government funding arrangements, Government departments (including the Authority) generally do not hold a large cash reserve in their bank accounts. Cash received by the Authority from the generation of revenue is generally paid into the State's bank account, known as the Public Account. Similarly, any Authority expenditure, including those in the form of cheques drawn by the Authority for the payment of goods and services to its suppliers and creditors are made via the Public Account. The process is such that, the Public Account would remit to the Authority the cash required for the amount drawn on the cheques. This remittance by the Public Account occurs upon the presentation of the cheques by the Authority's suppliers or creditors.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Note 20. Cash flow information (continued)**(b) Reconciliation of net result for the year to net cash flows from operating activities**

	(\$ thousand)	
	2013	2012
Net result for the year	52,994	94,751
Non-cash movements:		
(Gain)/loss on sale or disposal of non-current assets	183	(74)
Depreciation and amortisation of non-current assets	4,302	2,983
Impairment of statutory receivables	1,033	539
Movements in assets and liabilities:		
(Increase)/decrease in receivables	3,666	(36,725)
(Increase)/decrease in other non-financial assets	135	179
Increase/(decrease) in payables	(345)	8,118
Increase/(decrease) in provisions	3,651	(1,034)
Net cash flows from operating activities	65,619	68,737

Note 21. Reserves

	(\$ thousand)	
	2013	2012
Physical asset revaluation surplus (i)		
Balance at beginning of financial year	2,779	2,779
Balance at end of financial year	2,779	2,779

Notes:

(i) The physical assets revaluation surplus arises on the revaluation of building leasehold improvements.

Note 22. Summary of compliance with annual parliamentary appropriations

The Authority ceased to be funded from accrual-based parliamentary appropriations of outputs at the end of 2011-12. Accordingly, no transactions were funded out of appropriations during 2012-13.

													(\$ thousand)	
	Appropriation Act				Financial Management Act 1994									
	Annual appropriation		Advance from Treasurer		Section 29		Total parliamentary authority		Appropriations applied		Variance			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		
Controlled														
Provision of outputs	-	30,822	-	-	-	3,572	-	34,394	-	34,394	-	-		
Additions to net assets	-	-	-	-	-	-	-	-	-	-	-	-		
Total	0	30,822	0	0	0	3,572	0	34,394	0	34,394	0	0		

Note 23. Ex-gratia payments

The Authority did not have any ex-gratia payments in financial year ended 30 June 2013 (2012: nil).

Note 24. Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of ministers and accountable officers in the Authority are as follows:

Minister for Environment and Climate Change: **The Hon. Ryan Smith MP**

Chairman: **Cheryl Batagol**

Chief Executive and Accountable Officer: **John Merritt**

Remuneration

Amounts relating to ministers are reported in the financial statements of the Department of Premier and Cabinet.

Remuneration received or receivable by the Chairman of the Board in connection with duties associated with her role as the Chairman of the Environment Protection Authority (EPA) during the reporting period was in the range:

\$110,000-\$120,000 (2012: \$110,000-\$120,000).

Remuneration received or receivable by the accountable officer (Chief Executive Officer) in connection with the management of the Authority during the reporting period was in the range:

\$300,000-\$309,000 (2012: \$300,000-\$309,999).

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Note 25. Remuneration of executives

The numbers of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

Several factors have affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year and renegotiated and a number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts. The Chairman uses discretion in a scaled bonus system which covers the range from adequate through to outstanding performance on a graduated basis.

Income band	Total remuneration (i)		Base remuneration (i)	
	2013	2012	2013	2012
<100,000*	1	1	1	1
\$100,000-109,999	-	-	-	-
\$110,000-119,999	-	-	-	-
\$120,000-129,999	-	-	-	-
\$130,000-139,999	-	-	-	-
\$140,000-149,999	-	-	-	1
\$150,000-159,999	-	1	-	1
\$160,000-169,999	-	1	1	1
\$170,000-179,999	-	-	-	1
\$180,000-189,999	1	2	2	1
\$190,000-199,999	2	1	2	-
\$200,000-209,999	1	-	-	-
\$210,000-299,999	1	-	-	-
\$250,000-\$259,999	-	-	-	-
\$260,000-\$269,999	-	-	-	-
\$270,000-279,999	-	-	-	-
\$280,000-289,999	-	-	1	1
\$300,000-309,999	1	1	-	-
Total numbers	7	7	7	7
Total annualised employee equivalent**	6.60	6.45	6.60	6.45
Total Amount	\$1,394,178	\$1,284,122	\$1,307,354	\$1,197,280

(i) Base and total remuneration comparative amounts have amended in line with whole of government model report definitions.

* Executive Officer resigned in January 2013 for the purpose of disclosure the base and total remuneration amounts have been included in the disclosure.

** Total annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Note 26. Remuneration of auditors

	2013	2012	
Victorian Auditor General			
Audit or review of the financial statements	50	49	
Total remuneration of auditors	50	49	

Note 27. Subsequent events

The Authority has no material events that occurred after 30 June 2013.

Note 28. Trust Fund Disclosures

(a) Sustainability Fund

The Sustainability Fund (SF) account forms part of the Environment Protection Fund, which is managed by the Environment Protection Authority (EPA). EPA credits the SF fund with all landfill levy revenue remaining after distributions, to itself, waste management groups and Sustainability Victoria, in accordance with Environment Protection (Distribution of Landfill Levy) Regulations.

Funds in the SF account are allocated by the Premier and the Treasurer, to projects aimed at fostering environmentally sustainable use of resources and best practices in waste management. The Sustainability Fund Secretariat, managed by Sustainability Victoria (SV), oversees the management of these projects and receives a management fee for doing so. Except for the management fees, SV accounts for payments to grant recipients and reimbursements from the EPA relating to these projects via its balance sheet.

The following table is a reconciliation of the fund balance.

Sustainability Fund

	(\$ thousand)		
	2013	2012	
Opening Balance	181,167	98,899	
<i>Receipts</i>			
Land Fill Levy - cash	88,606	99,146	
Land Fill Levy - accrual	4,467	11,596	
<i>Payments</i>			
Sustainability Victoria	36,926	27,863	
Accrued Invoices	(611)	611	
Closing Balance	237,925	181,167	

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Note 28. Trust Fund Disclosures (continued)

(b) HazWaste Fund

The Hazwaste Fund (Fund) account forms part of the Environment Protection Fund, which is managed by the Environment Protection Authority (EPA). In January 2007, the Victorian Government developed a strategy to reduce hazardous waste. The Hazwaste Fund (the Fund) was established to achieve specific waste reduction targets by supporting organisations to accelerate reductions in the volume and hazard of hazardous waste generated in Victoria. Revenue from the increase in Prescribed Industrial Waste levy fees from manufacturing sources contribute towards the fund.

Fund support is available for projects targeted at reducing the volume or hazard category of hazardous waste disposed at landfills. A Fund panel has been established to inform Fund decision-making and investment priorities. The Minister for Environment and Climate Change and the Chairman of the Authority will make or delegate final funding decisions for the fund projects.

The following table is a reconciliation of the Fund balance.

HazWaste Fund

	(\$ thousand)	
	2013	2012
Opening Balance	33,918	30,970
<i>Receipts</i>		
Prescribed Industrial Waste levy-cash	1,781	8,087
Prescribed Industrial Waste levy-accrual	(1,653)	(500)
<i>Payments</i>		
Grants to recipients	1,542	4,639
Closing Balance	32,504	33,918

Note 29. Glossary of terms

Comprehensive result

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non-current physical assets used in the provision of outputs levied by the State.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
 - (i) to receive cash or another financial asset from another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- (a) A contractual or statutory obligation:
 - (i) To deliver cash or another financial asset to another entity; or
 - (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2013 CONTINUED

Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (Sept 2007), which means it may include the main financial statements and the notes.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature. While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Interest expense

Costs incurred in connection with the borrowing of funds, interest expenses include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as other non-owner changes in equity.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'.

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

Payables

Includes short and long-term trade debt and accounts payable, grants and interest payable.

Receivables

Includes amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services, work done as an agent for private enterprises. User charges includes sale of goods and services revenue.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Authority.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Transforming and strengthening EPA Year Two

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