

Annual report of operations 2021 - 22



The environment
is everyone's
business.





Declaration

In accordance with the Financial Management Act 1994, we are pleased to present Environment Protection Authority Victoria's annual report of operations for the year ending 30 June 2022.

Professor Kate Auty

Chair
Environment Protection Authority Victoria

Responsible Body
January 2023

Lee Miezis PSM

Chief Executive Officer
Environment Protection Authority Victoria

Accountable Officer
January 2023

Environment Protection Authority (EPA) Victoria Financial Management Compliance Attestation Statement

I, Kate Auty, on behalf of the Responsible Body, certify that the Environment Protection Authority Victoria has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

Professor Kate Auty

Chair
Environment Protection Authority Victoria



EPA acknowledges Aboriginal people as the first peoples and Traditional Custodians of the land and water on which we live, work and depend. We pay respect to Aboriginal Elders past and present. As Victoria's environmental regulator, we pay respect to how Country has been protected and cared for by Aboriginal people over many tens of thousands of years. We acknowledge the unique spiritual and cultural significance of land, water and all that is in the environment to Aboriginal people and Traditional Custodians – and the continuing connection and aspirations for Country.

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About EPA

Environment Protection Authority Victoria (EPA) is an independent statutory authority under the *Environment Protection Act 2017*.

EPA's Governing Board is responsible for the governance, strategic planning, and pursuit of EPA's objective — to protect human health and the environment by reducing the harmful effects of pollution and waste.

During the 2021-22 financial year, EPA was part of the Energy, Environment and Climate Change portfolio responsible to the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change for the period 1 July 2021 to 27 June 2022, and was part of the Environment and

Climate Action portfolio responsible to the Hon Lily D'Ambrosio MP, Minister for Environment and Climate Action for the period 27 June 2022 to 30 June 2022.

The 2021-22 financial year was also the final year of EPA's organisational strategy "Our environment, Our health". A new 5-year strategic plan for 2022 to 2027 is effective from 1 July 2022.



Our vision

A healthy environment that supports a liveable and prosperous Victoria now and always.

Our strategic goals

To do our part in creating a healthy environment, our 2021-22 focus was directed to five goals:

1. Prevent harm: We prevent harm from pollution and waste by leveraging good environmental performance across community, business and government.
2. Equip community and business: We support Victorians to understand the condition of their environment and we work to ensure shared responsibility is accepted and understood by community and business.
3. Be an influential authority: We are a trusted source of advice on Victoria's environment and influential in working with others to address complex problems resulting from pollution and waste.
4. Respond to harm: We hold polluters to account and work with our partners to respond to pollution, emergency incidents and legacy contamination to minimise harm to Victoria's environment and people.
5. Organisational excellence: As an organisation, we commit to delivering on our goals by enabling a high-performance culture that values our people and supports them with fit-for-purpose systems and expertise.

Our purpose

We protect the environment and people by preventing and reducing harm from pollution and waste.

Our values

Successful implementation of EPA's organisational strategy, "Our environment, Our health", requires every staff member to live our values.

These values, applied consistently by our people in our interactions with Victorians, will deliver one experience of EPA.

In addition to being exemplars of the Victorian Public Service values, our values are:

Excellence

- We focus effort for best result
- We are evidence and risk-based
- We learn from experience
- We are agile and innovative

Partnership

- We support each other
- We welcome diversity
- We listen and learn
- We involve people in decisions that affect them

Accountability

- We do what we say we will do
- We make timely decisions
- We use sound judgement
- We are transparent and objective

Chair's report



This year, as we continued to deal with the pandemic, it's fitting that EPA's values and behaviours were refreshed.



This year, as we continued to deal with the pandemic, it's fitting that EPA's values and behaviours were refreshed. Together with the Governing Board, I look forward to having these values come to life through our new Strategic Plan 2022–27 and through our commitment to strengthening our environmental laws in preventing harm to the environment.

Our new environmental laws came into effect on 1 July 2021. This has meant different ways of working and enabling approaches to how EPA engages with stakeholders and the community. Central to the new legislation is the General Environmental Duty (GED) which provides everyone with responsibility to prevent harm to the environment and human health from pollution or waste. I anticipate the GED will continue to be tested via EPA's new powers and tools.

EPA's Aboriginal Inclusion Action Plan also continued to be implemented, embedding Traditional Owner cultural values within EPA's approach to environmental protection. With four key priorities of focus, the plan has tangible actions to improve cultural competency, engagement and relationship

building with Traditional Owners, regulatory inclusion of cultural values as well as workforce inclusion.

The Circular Economy (Waste Reduction and Recycling) Act 2021 was enacted in December 2021, creating Recycling Victoria (RV) to oversee resource recovery services to support the circular economy. This effectively amends the Environment Protection Act 2017 to remove the waste and resource recovery groups, with RV now having their responsibilities. EPA and RV will co-regulate in the waste and resource recovery sector and I trust that the Memorandum of Understanding put in place will provide each regulator with clear roles and responsibilities going forward.

The Victorian Ombudsman's investigation report into EPA's approval of the West Gate Tunnel Project Environment Management Plans that was released in May identified areas for improvement. I am confident the work being done to address the Ombudsman's recommendations will stand us in good stead going forward.

I am pleased to have two new board members join EPA: Ms Margaret Donnan and Dr Catherine Lopes, who were appointed in May 2022. Their appointments will strengthen the Governing Board's membership diversity, skills and experience. I look forward to overseeing the implementation of our organisational strategy with a full nine-member Governing Board.

I would like to thank my fellow Governing Board members, and Risk and Audit Committee and Science Engineering and Health Committee independent members, who continue to provide EPA with excellent advice in their fields of expertise.

And lastly, I would also like to thank all staff at EPA, including our CEO, Lee Miezi, who work tirelessly to strengthen EPA's commitment to being a world-class environmental regulator.

Professor Kate Auty

Chair
Environment Protection Authority Victoria

1 February 2023

Chief Executive Officer's report



The last 12 months have been exciting, challenging and rewarding.



The commencement of the Environment Protection Act 2017 on 1 July 2021 was an historic moment for EPA, for Victoria and for environmental protection.

With a clear focus on prevention, and through the identification of priority risks of harm, we are now able to get ahead of environmental harm before it happens.

With science at the heart of our decision making we take an informed approach to regulation. We continue to work with communities, listening to their concerns and ambitions and ensuring our focus matches theirs.

Helping Victorians understand the General Environmental Duty (GED) and their role in protecting the environment and community health was another top priority this past year; the environment is everyone's business.

Evidence of success

Success has been steady; from helping Victorians understand their obligations under the GED, to working with our business and government stakeholders to ensure they understand the new laws and requirements.

The Act gives EPA the power to take strong action when and where it's needed. We've taken necessary measures to investigate and lay charges on a range of matters, many of which are currently before the courts. We've made great use of science and technology to monitor and investigate, including using drones to access sites and gather intelligence. This kind of information provides essential evidence should it be required.

An internal regulatory audit completed in January 2022 reviewed the first 8 months of operating under the new Act and concluded that EPA had achieved its Statement of Regulatory Intent and was progressing in its shift to a preventative model.

Streamlining our operations

After extensive consultation and workshopping on 1 November 2021, EPA launched a new operating model to ensure we can effectively deliver our remit under the Environment Protection Act 2017. Our structure and processes were streamlined, place-based decision making was strengthened and our on-the-ground and frontline response and effectiveness was enhanced. This allows us to work with our portfolio partners and stakeholders to improve relationships and better shape work and delivery.

New ways of working have invigorated and empowered our staff, inspiring new goals, introducing fresh thinking and creating solutions across the organisation.

Development of EPA's 5-year strategic plan

While embedding new legislation and new ways of working, we have also been planning for the future.

EPA works in a complex and ever-changing operating environment and as the needs of Victorians change, we need to be equipped to adapt and respond to a range of factors.

EPA's Governing Board developed and introduced our 5-year Strategic Plan 2022–27, defining our purpose and the outcomes we aim to achieve over the next 5 years. Aligned to the Sustainable Development Goals (SDGs) set up by the United Nations General Assembly in 2015, our plan represents the future for EPA and environmental protection in Victoria.

We've set ambitious targets for the next 5 years: that our environment is cleaner and communities healthier; that all Victorians reduce their environmental risks; and that EPA has impact and influence. The goals are supported by our values, and detailed work plans for identified priorities.

EPA values

To best fit our purpose and direction, and after consultation with staff and senior executives, a new set of values was developed. These values are Integrity, Courage, Connection, Tenacity and Excellence and came into effect from April 2022.

EPA brand refresh

The Environment Protection Act 2017 marks a change in direction to a strong preventative approach. Our refreshed branding is bold, vibrant, approachable and contemporary. It makes use of EPA's existing colour palette which plays an integral part in our look, having a strong relationship with air, water, land and life.

I'd like to acknowledge the hard work, dedication and skill of our staff, who have leaned in to change and new ways of working, always seeking to do what's right and determining how to do better.

A video and report of staff talking about key achievements and proudest moments of 2021–22 is available on our website at epa.vic.gov.au

We have made bold steps in setting ourselves up for success, and to better protect Victoria's environment and community health going forward.

Lee Miezis PSM

Chief Executive Officer
Environment Protection Authority Victoria

1 February 2023

Pollution reports, performance targets and deliverables

This section provides key statistical information and performance data on State Budget Paper No. 3 measures and other expectations of our organisation.

In 2021-22, EPA received more than 19,000 pollution reports from the community. We also received reports related to emergencies and pollution notifications from businesses.

Table 1
Total pollution reports

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Pollution reports from community	19,757	18,121	13,354	11,539	13,244	10,577	9,201	9,376
Emergency reports	245	204	163	199	168	195	246	342
Business notifications	1,313	1,691	1,751	1,833	1,880	647	1,565	1,454
Total	21,315	20,016	15,268	13,571	15,292	11,419	11,012	11,172

Table 2
Total pollution reports by environmental segment

	2021-22	2020-21	Year on year variance	Notes
Dust	925	849	9% increase	
Noise	6,585	5,404	20 % increase	
Odour	4,796	5101	6% decrease	
Smoke	1,574	1513	4 % increase	
Waste	3,185	2,929	8 % increase	
Water	2,692	2,322	15 % increase	

Table 3
Total pollution reports by region 2021/22

	Gippsland	North East	North Metro	West Metro	South Metro	South West	North West	Not Assigned	Total
Dust	70	49	185	127	268	109	48	69	925
Noise	230	239	1,717	1,623	1,686	347	351	392	6,585
Odour	277	114	911	1,238	1,561	312	193	190	4,796
Smoke	99	50	367	273	367	171	69	178	1,574
Waste	209	121	808	553	684	383	246	181	3,185
Water	217	64	786	508	578	304	102	133	2,692
Other/Not assigned	0	0	0	0	0	0	0	0	0
Emergency reports	9	13	39	53	30	29	20	52	245
Business notifications	164	169	110	277	169	153	115	156	1,313
Grand total	1,275	819	4,923	4,652	5,343	1,808	1,144	1,351	21,315



In 2021-22, EPA undertook a range of compliance, enforcement and assessment activities to ensure our environmental protection laws are followed.

Table 4
Compliance, enforcement and assessment activities

	Notes	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Industry programs								
Inspections	1	4,055	2,595	2,882	2,782	2,263	1,843	1,985
Pollution abatement notices	2	0	487	505	467	392	273	267
Clean up notices	2	0	282	231	196	180	153	188
Minor works pollution abatement notices	2	0	96	72	68	60	53	59
Prosecutions completed	3	21	22	29	23	22	11	12
Official warnings		69	167	165	150	109	99	121
Infringement notices	4	46	71	58	82	81	109	59

	Notes	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Industry programs								
Environmental audits completed	5	151	205	210	207	173	194	239
Development Licences	6	11	19	16	21	17	18	26
Exempt from Development Licences/Operating Licences	7	40	51	38	32	33	23	38
Operating Licences	8	59	49	79	79	83	64	82
Planning referrals advised on		820	779	929	1,020	807	757	798
Vehicle programs								
Noisy vehicle notices		3,994	1,152	466	892	1,676	966	955
Smoky vehicle advisory letters		264	559	1,007	1,154	1,617	1,744	2,015
Infringement notices	9	975	543	30	338	64	12	45
Official warnings		69	9	7	40	14	12	11
Litter programs								
Infringement notices	10	6,836	8,501	13,637	13,236	12,165	12,984	15,141

Notes:

EPA's compliance, enforcement and assessment activities are influenced by pollution reports received from community. In some instances, pollution reports are transferred to other organisations such as local councils for further investigation. Multiple pollution reports may also contribute to the same compliance and enforcement activity. See Table 1 for a breakdown of pollution reports.

Prior years' numbers may have been corrected due to better data becoming available.

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. A count of total inspections completed and paperwork filed 2. An exact equivalent doesn't exist for the new Act, so none have been issued since the new act commenced 3. Indictable prosecutions 4. Infringement notices (environmental) 5. These figures are based on the completion date as signed by the Environmental Auditor. Note in relation to environmental audits, this figure includes both old Acts 53V and 53X audits completed in FY21/22 under transition arrangements as well as new Act s208 Environmental Audits. 17 PRSA (Preliminary Risk Screen Assessments) and 134 environmental audits completed. | <ol style="list-style-type: none"> 6. Decision made in that year. Development licence transaction types only. From July 2021 this includes amendments and transfers, but these make up a small proportion of assessments. 7. Decision made in that year. Development licence exemptions only, excludes operating licence exemptions and permit exemptions. 8. Decision made in that year. Operating licence transactions only. Excludes OL administrative amendments and surrenders. 9. Infringement notices (vehicle) 10. Infringement notices (litter) |
|--|---|

In 2021-22, EPA also focused on meeting performance measures outlined in State Budget Paper No. 3 and implementing the Statement of Expectations issued by the Minister for Environment and Climate Action, the Hon Lily D'Ambrosio MP.

Table 5
Budget Paper No. 3 performance measures

Measure	Note	2021-22 Target	2021-22 Actual
Quantitative measures			
Inspections that assess compliance, including permitted activities, whose operations represent a significant risk to the environment and human health	1	400-450	510
Events and activities that engage business and community in environmental protection	2	60-65	662
Environment condition notifications provided to Victorians via digital channels	3	>1,000	1,111
Qualitative measures			
EPA prosecutions are selected using a risk-based approach, focused on environmental outcomes and are successful	4	90	77
Environmental audits reviewed to ensure compliance with statutory requirements and guidelines	5	90	98
Remedial notices complied with by due date or escalated in line with EPA's Compliance and Enforcement policy	6	90	84
Timeliness measures			
Applications for internal review of remedial notices completed within statutory timeframes	7	90	100
EPA provides technical advice to lead agencies within agreed timelines during emergency incidents	8	90	100
EPA responds within one day of notification to waste crime incidents identified for priority response	9	90	86

Notes:

- The target has been exceeded due to a higher than forecast number of response inspections for pollution events deemed high risk to the environment or public health, including from water events driven by wetter La Nina conditions.
- The target has been exceeded due a greater focus on direct engagement with local communities, EPA's implementation of a more effective event and activity recording and reporting system, and a large uptake of online engagement opportunities by business since the commencement of EPA's new legislative framework.
- Result is above target due to additional environmental notifications associated with specific environmental incidents, such as the Cherry Lake incident. EPA is broadening its approach from notification provision to increased community information and engagement.
- Result is below target. 17 of 22 prosecutions were successful. The success rate is skewed and involved a single matter with charges against multiple defendants subsequently being withdrawn by EPA. This measure will be discontinued in 2022-23 because it reflects progress towards achieving an outcome rather than measuring a departmental output and will be reflected through a new departmental objective indicator under the 'Healthy, resilient and biodiverse environment' objective.
- Result is above target due to the continued prioritisation of resources to conduct timely administrative reviews of environmental audits.
- Result is below target due to the greater number of duty holders and new forms of remedial notices available to the EPA under the Environment Protection Act 2017.
- Result is above target due to EPA's commitment to the efficient review where requested of remedial notices for environmental improvements, prohibitions, actions and investigation. Target for 2022-23 has been increased to reflect this commitment.
- Result is above target due to EPA's commitment to provide timely technical advice to lead agencies during emergency incidents and reflects a continued focus on process and system improvement.
- EPA makes every effort to respond to priority waste crime incidents within one day of being notified. Of the 7 waste crime incidents identified for priority response during the year, EPA responded to 6 incidents within the target response time. In relation to the incident that was responded to outside of the response timeframe, at the time EPA were leading the response to a Major Incident which required additional resourcing by EPA. This impacted our response time to this waste crime incident.

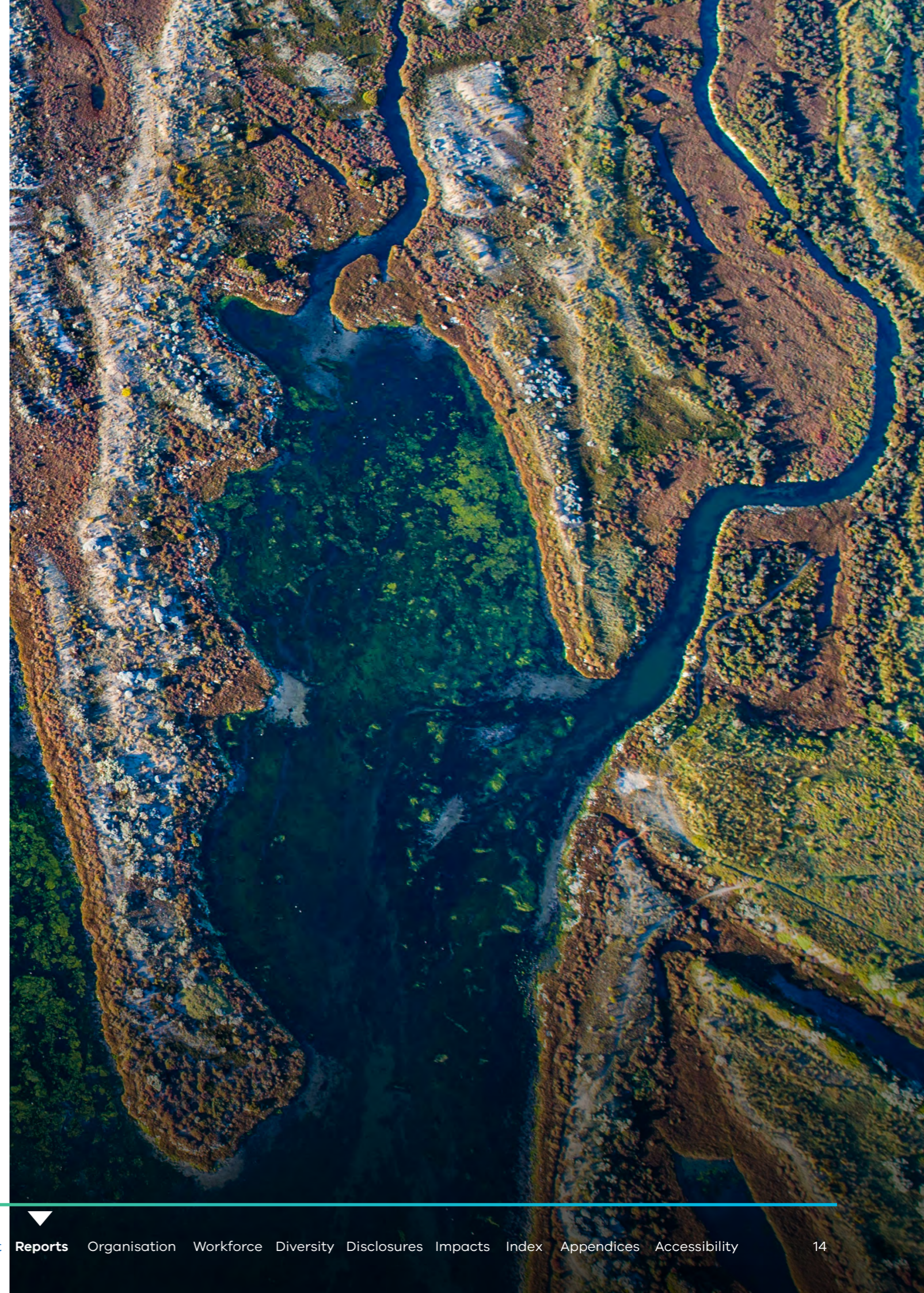
Table 6
EPA Statement of Expectations 2021-22

Theme	Output or outcome	Due by	Status
1. Duty holder transition	Develop and deliver plan for proactive engagement of priority stakeholders	February 2022	Plan - complete Delivery - on track
	Proactively monitor and manage transition and readiness issues	Ongoing	
2. Report of operations 2021-2022 final draft	Develop and deliver readiness plan for provisions commencing 1 July 2022	February 2022	Complete
	Develop a plan, in consultation with DELWP, for priority 2021-23 legislative instrument delivery	September 2021	Complete
	Develop a plan, in consultation with DELWP, to operationalise priority tools available in the Act. (e.g. BEPs, SMOs, Financial Assurance)	End November 2021	Complete

Table 6
EPA Statement of Expectations 2021–22 continued

Theme	Output or outcome	Due by*	Status
4. Risk management	Work with DELWP to resolve, and document risk governance arrangements	End November 2021	Complete
	Implement agreed risk governance arrangements through relationship program	From November 2021	Complete
5. Capability and culture transformation	Engage Minister and DELWP on action to maintain and develop regulatory capability through the legislative transition, to 30 June 2022.	Ongoing	-
	Resolve a plan that outlines multi-year priorities for regulatory capability and culture transformation	Final plan by September 2022	On track*
6. Portfolio support and oversight	Relationship managers to review and document portfolio relationship arrangements	End August 2021	Complete
	Relationship managers agree responsibility assignment for relevant instruments and other outputs	February 2022	Complete
7. Monitoring framework performance	Resolve a monitoring, evaluation, reporting and improvement framework in consultation with DELWP	July 2022	On track*
	Monitor and evaluate framework performance, implement improvements	From August 2022	Ongoing
	Work with DELWP to deliver a 'horizon scanning' approach for emerging environment and pollution issues	January to March 2022	Complete

*as at June 30 2022. Since complete.



Financial performance summary

EPA's audited financial statements for the 2021-22 financial year, including the auditor's opinion, is included as an appendix to this report.

Table 7
EPA (controlled) five-year financial summary (\$'000)

	2022	2021 restated (i)	2020 restated (i)	2019	2018
Total income from transactions	170,931	218,250	186,641	176,727	135,505
Total expenses from transactions	(163,994)	(218,632)	(220,536)	(177,150)	(111,286)
Net result from transactions	6,937	(382)	(33,895)	(423)	24,219
Comprehensive result	3,884	(1,408)	(39,168)	(255)	22,077
Net cash flow from operating activities	12,633	8,142	(17,534)	13,373	14,160
Total assets	187,050	232,874	219,427	243,832	208,261
Total liabilities	64,381	114,089	99,234	67,906	32,080
Net assets	122,669	118,785	120,193	175,926	176,181

Notes:

(i) EPA previously capitalised Software-as-a-Service (SaaS) intangible assets. EPA changed its accounting policy in 2022 to expense SaaS intangible assets following an International Financial Reporting Interpretations Committee (IFRIC) decision and consistent with the interpretation of AASB138 Intangible Assets. Therefore the 2020 and 2021 comprehensive results have been restated to reflect this change.

Overview of financial performance

EPA recorded a surplus of \$6.9m in 2021-22 compared to a deficit of \$0.4 million in 2020-21. The surplus is mainly due to the completion of the "Bringing our Environment Protection Authority into the modern era" initiative and the utilisation of provisions associated with multiple waste site rehabilitation works.

The surplus recorded in 2021-22 is short term and largely represents vacant positions and projects that meet critical needs at EPA unable to be delivered due to the ongoing impacts of the COVID-19 pandemic. These critical needs remain, and it is planned that the projects are delivered in 2022-23 by drawing down on the surplus being held in cash reserves.

Financial performance review

Total income from transactions of \$170.9 million in 2021-22 is a \$47.3 million decrease (21%) from 2020-21. The decrease is primarily due to reduced Municipal and Industrial Landfill Levy Distribution as EPA's reform work completed in 2020-21, together with lapsed funding for waste site rehabilitation works.

Total expenses from transactions of \$164 million in 2021-22 is a \$54.6 million decrease (24%) from 2020-21. The decrease is related to the completion of works for the "Bringing our Environment Protection Authority into the modern era" initiative, the utilisation of provisions associated with waste site rehabilitation works, and efficiency gains from our new operating model.

Cash flows

The net cash flow from operating activities of \$12.6m in 2021-22 is the result of an increase in Government receivables associated with funded initiatives, including supplementary funding for the shortfall in Reportable Priority Waste, Recycling Victoria, the digital waste tracker works, together with a decrease in payments made to suppliers and employees.

Financial position/balance sheet

Total assets of \$187.1 million in 2021-22 is a decrease of \$45.8 million compared to the previous financial year. The movement in assets is primarily a result of the decrease in Government receivables funding for waste site rehabilitation works. The total liabilities decreased by \$49.7 million compared to the previous financial year. The decrease in total liabilities is driven by the utilisation of the provision for waste site rehabilitation works of multiple sites and a decrease in employee related provisions and payables.

Capital projects/asset investment programs

EPA did not complete any projects funded by the State Budget above the Total Estimated Investment threshold of \$10 million. EPA continues to invest in asset programs that align with its strategic goals.

Subsequent events

The finding of additional waste requiring specialised treatment and disposal at a waste site rehabilitation works has resulted in an adjusting event after reporting date.

Organisational governance

Governing Board

The Governing Board is responsible for the governance, strategic direction and oversight of EPA.

The role of the Governing Board is to appoint the Chief Executive Officer, set the standards and the strategic direction for EPA, liaise with stakeholders and monitor the organisation's performance.

At 30 June 2022, the Governing Board members were:

Professor Kate Auty - Chair

Greg Tweedly - Deputy Chair

Monique Conheady

Graeme Ford

Emeritus Professor Joan Ozanne-Smith AO

Kay Rundle

Dr Catherine Lopes

Margaret Donnan

Professor Kate Auty Chair

Kate is a Professorial Fellow at the University of Melbourne, a Director of the Urban Climate Change Research Network's Oceania Hub, and a member of the writing team with Future Earth Australia and the Australian Academy of Science.

She has extensive experience with environmental and climate issues. This includes as the Commissioner for Sustainability and the Environment in the Australian Capital Territory. Kate is a member of the Victorian Bar. She has worked extensively as a magistrate and coroner. Kate continues to volunteer with community environmental and sustainability groups in north east Victoria.

Greg Tweedly Deputy Chair

Greg has more than 30 years' experience in regulation, governance, risk, audit and finance. As Chief Executive Officer of WorkSafe Victoria for nearly 10 years, Greg was responsible for the regulation of workplace safety in Victoria.

Greg is currently a non-executive director of Melbourne Health and Chair of the Personal Injury Education Foundation.

Monique Conheady

Monique is the Independent Chair of JET Charge Pty Ltd and Director of Phantm Pty Ltd. Previously, she was the co-founder and Chief Executive Officer of Flexicar and held executive roles at Hertz Australia after it purchased Flexicar. Monique is a graduate of the Australian Institute of Company Directors and a Fellow of the Centre for Sustainability Leadership.

Graeme Ford

Graeme is Chief Executive Officer of the Game Management Authority. A former Chief Executive Officer of the Victorian Farmers Federation, Graeme has more than 20 years' experience advocating for rural and regional communities and has engaged with government regulatory bodies on the design of regulatory regimes affecting the agricultural sector.

Graeme has held director roles with the Melbourne International Flower and Garden Show and FarmConnect – a not-for-profit company providing charitable support to the agriculture sector.

Emeritus Professor Joan Ozanne-Smith AO

Joan is the Head of Injury Prevention Research at the Department of Forensic Medicine at Monash University.

She is a non-executive director of the Australian China Alumni Association and has previously been a member of the Victorian Civil and Administrative Tribunal (VCAT).

Joan has qualifications in medicine, public health and sociology, a research doctorate in injury epidemiology and is a Fellow of the Australasian Faculty of Public Health Medicine. She conducts interdisciplinary research and develops epidemiological data systems in Australia and internationally. She has co-edited several World Health Organization global reports.

Joan was appointed Officer of the Order of Australia (AO) in the 2016 Australia Day Honours List in recognition of her distinguished service to public health in the area of accident and injury prevention, forensic medicine and to higher education as an academic.

Dr Ross Pilling

Ross is a non-executive director of Note Printing Australia and Kotzur Pty Ltd, independent director and Chair of Jupiter Ionics Pty Ltd and Chair of Swinburne University's Industry Research Advisory Committee. He is an Executive Mentor on the faculty of CMi Merryck.

Ross' senior executive career with leading multinational companies BASF and BOC included General Manager and Managing Director roles in Asia, Australia and Europe. He was formerly the Deputy National President of the Australian Industry Group, and a longstanding board member of the Plastics and Chemicals Industry Association.

Ross is a Fellow of the Australian Institute of Company Directors and of the Australian Academy of Technology and Engineering. He was awarded an Honorary Doctor of Engineering by Swinburne University of Technology in 2016.

Kay Rundle

Kay is the director and an executive coach at Kay Rundle and Associates, chair of the Public Transport Ombudsman and chair of Western Leisure Services.

Kay is an experienced CEO with over 15 years' experience leading three local government organisations (Maribyrnong, Greater Geelong and Port Phillip).

She holds a Bachelor of Social Work from the Phillip Institute of Technology, Graduate Diploma in Computing from Monash University, Masters of Business from the Royal Melbourne Institute of Technology and Executive Coaching Level I, II and III from the Institute of Executive Coaching and Leadership. She is also a graduate of the Australian Institute of Company Directors and won a Local Government Executive Leadership Award in 2006.

Dr Catherine Lopes

Catherine is the first Chief Data and Analytics Officer at Merkle ANZ, a global customer experience management company and founder and director of Opsdo Analytics Pty Ltd and Ada's Tribe – a community supporting leadership and career development for women in analytics, data science and artificial intelligence (AI).

She is currently the Advisory Board Member of AI, Data and Analytics Networks and the Australian National University School of Computing.

Catherine was former head of strategy and analytics at MEBank and former head of enterprise data and analytics at AGL Energy where she successfully developed enterprise data and analytics capabilities. She is also co-founder of Sleigh Group – a creative resource company that provides cross cultural narratives and expert localisation in the entertainment industry.

In 2005, Catherine was awarded a doctorate degree in data mining, machine learning and computer science at Monash University where she won the Mollie Holman Doctoral Medal for her PhD thesis, 'Machine Learning and Time Series Forecasting'.

Margaret Donnan

Margaret has extensive national and international experience of working with government, commercial and not for profit boards. She is currently Chair of the Audit and Risk Committee of Australian Radiation Protection and Nuclear Safety Agency and is an Independent Director and Chair of the Risk and Audit Committee of Battery Stewardship Council.

With a depth and breadth of experience advising Ministers, Boards and CEOs across government and business, Margaret's board roles include former Chair of IChemEs Safety Centre global advisory board, Deputy Chair of Game Management Authority, and Non-Executive Director on the Metropolitan Waste and Resource Recovery Group and the National Offshore Petroleum Safety Authority.

In Margaret's senior executive career, she was the CEO of Plastics and Chemical Industries Association and was the inaugural Director of Major Hazards at WorkSafe Victoria following the Longford tragedy. In 2016, Margaret was a member of an independent ministerial panel that reviewed WorkSafe Victoria's compliance and enforcement policy and activities.

Margaret is an Associate Fellow of the Institution of Chemical Engineers, Member of the Australian Institute of Company Directors and Member of the Australian Institute of Health and Safety. She holds a Master of Science major in chemistry from the University of Melbourne.

Attendance at Governing Board meetings in 2021-22

Governing Board meetings were held in July, August, September, October, November and December 2021 and in February, March, April, May and June 2022. Table 8 records Board members' attendance.

Table 8
Governing Board meeting attendance

Governing Board Member	Meetings eligible to attend	Meetings attended
Professor Kate Auty	11	11
Greg Tweedly	11	10
Monique Conheady	11	11
Graeme Ford	11	10
Emeritus Professor Joan Ozanne-Smith AO	11	11
Dr Ross Pilling	11	11
Kay Rundle	11	11
Dr Catherine Lopes	1	1
Margaret Donnan	1	1

Advisory committees

EPA's Governing Board has three committees:

Risk and Audit Committee (RAC)

EPA has a RAC and internal audit function to meet legislative requirements and support the Chair and Chief Executive Officer fulfil their obligations under the Financial Management Act 1994.

The RAC reports to the EPA Governing Board and provides advice on financial reporting, internal and external audit, risk management systems and practices, the compliance and control environment and the information and communications technology (ICT) control environment.

As at 30 June 2022, RAC members were:

- Rob Hogarth (Independent Chair)
- Greg Tweedly (Governing Board member)
- Graeme Ford (Governing Board member)
- Kay Rundle (Governing Board member)
- Michelle Beveridge (Independent member)

Ross Pilling (Governing Board member) resigned from the Risk and Audit Committee in December 2021. Kay Rundle (Governing Board member) was appointed to the Risk and Audit Committee in December 2021.

RAC meetings were held in August (2) and November 2021, and February and May 2022. Table 9 records members' attendance.

EPA Governing Board members, Internal Auditor, External Auditor, Chief Executive Officer, Chief Financial Officer, and Executive Director Corporate Services have a standing invitation to attend RAC meetings.

Table 9
Members attendance

Committee Member (Committee term of appointment)	Meetings eligible to attend	Meetings attended
Rob Hogarth (July 2021 – June 2022)	5	5
Greg Tweedly (July 2021 – June 2022)	5	5
Michelle Beveridge (August 2021 – June 2022)	5	5
Graeme Ford (July 2021 – June 2022)	5	4
Kay Rundle (December 2021 – June 2022)	2	1
Ross Pilling (July 2021 – December 2021)	3	3

Science Engineering and Health Committee (SEHC)

The purpose of SEHC is to support the Governing Board in its role of overseeing the implementation of EPA's strategic plan.

SEHC operates alongside the Chief Environmental Scientist to provide independent strategic advice to EPA in its commitment to growing its scientific excellence and protecting human health and the environment.

Two SEHC meetings were held this year in October 2021 and 28 April 2022. SEHC also met with the Governing Board in March 2022.

As at 30 June 2022 members of SEHC were:

- Professor Kate Auty (SEHC Chair and Chair of the Governing Board)
- Professor Joan Ozanne-Smith (Governing Board member)
- Dr Angie Bone, Deputy Health Officer (Environment) for Dr Brett Sutton (Chief Health Officer)
- Dr Peter Breen (Independent member)
- Professor Sandra Kentish (Independent member)
- Professor Veena Sahajwalla (Independent member)
- Professor John Warner (Independent advisor)

Independent member Professor Robert Vertessy ceased membership on 25 February 2022.

EPA Governing Board members, the Chief Executive Officer and Chief Environmental Scientist have standing invitations to attend SEHC meetings.

Executive Remuneration and Succession Committee (ERSC)

The Executive Remuneration and Succession Committee (ERSC) was established by the Governing Board in November 2021.

The purpose of ERSC is to support the Governing Board in discharging its duties in relation to executive remuneration and succession planning. ERSC ensures compliance with government policy as governed by the Victorian Public Service Commission, in relation to executive employment practices and reporting.

Two ERSC meetings were held this year in December 2021 and February 2022.

As at 30 June 2022 members of ERSC were:

- Professor Kate Auty (ERSC Chair and Chair of the Governing Board)
- Monique Conheady (Governing Board member)
- Dr Ross Pilling (Governing Board member)

The Chief Executive Officer, Executive Director Corporate Services and Chief People Officer have a standing invitation to attend ERSC meetings.

Senior executive

Lee Miezis PSM Chief Executive Officer

MBA, BForSci (Hons)

Reporting to the Governing Board, Lee leads EPA and is responsible for its day-to-day management and operational performance. In association with the Board, Lee also sets the organisation's strategic direction.

Lee was appointed to the role of CEO in May 2021 following three months as interim CEO. Prior to joining EPA, Lee was the inaugural CEO of Bushfire Recovery Victoria. Before that, he spent 15 years with the Department of Environment, Land, Water and Planning (DELWP), including the Deputy Secretary of the Forest, Fire and Regions Group. Lee is a Victorian Fellow of the Institute of Public Administration Australia and was awarded a Public Service Medal in the 2022 Australia Day Honours for outstanding service to policy, regulation and service delivery particularly in the area of environmental sustainability.

Suzy Neilan Executive Director Strategy

BA (Hons)

Suzy joined EPA in August 2021.

Suzy was previously Executive Director, Service Delivery with the Victorian Building Authority where she oversaw Licensing & Registration, Customer Service and Quality.

Before joining the Victorian Public Sector in 2018, Suzy worked largely in Business Process Outsourcing, most notably as General Manager of Infringement Management Enforcement Services at Tenix Solutions which managed the outsourced systems and services of Civic Compliance Victoria for the Department of Justice and Community Safety.

Mark Rossiter Executive Director Operations

EMBA

Mark has been with EPA since late 2019. Before joining EPA, Mark was Executive Director Operations and Chief Corporate Officer at the Victorian Building Authority, Manager Stakeholder Strategy and Manager Air Navigation Service Strategy at Airservices Australia, Head of Safety at Jetstar Airways, Manager Safety Oversight at the Civil Aviation Safety Authority, and Human Factors Specialist at Qantas.

Professor Mark Patrick Taylor Chief Environmental Scientist

PhD, BSc (Hons)

Professor Taylor joined EPA in August 2021. Before joining EPA, Mark was Professor of Environmental Science and Human Health, specialising in environmental contamination at Macquarie University.

His achievements include his advocacy regarding the lowering of the National Health and Medical Research Council's national blood lead intervention level and his support of thousands of Australians in understanding and addressing trace metal exposure risks in their homes and gardens via his citizen science programs.

Samantha Ludolf Former Executive Director Corporate Services

MEnt, BA (Hons)

Sam was with EPA from December 2020 to June 2022. Before joining EPA, she was Deputy Chief Executive Officer — Strategy and Operations at Walter and Eliza Hall Institute of Medical Research.

Matt D'Abbs Chief Quality Officer

EMPA, LLB, BA

Matt joined EPA in 2018 as Director Regulatory Approach and Capability. Prior to EPA, Matt was Director Strategy, Policy and Corporate Services and General Counsel, Director Policy at Transport Safety Victoria and Senior Policy and Legal Adviser for the Department of Transport.

Before joining the Victorian Public Sector, Matt spent 15 years in offshore commercial fishing and maritime tourism.

Greg Elms General Counsel

LLB, GDLP

Greg commenced in the role of General Counsel at EPA in 2019. Before joining EPA, Greg spent 16 years at Victoria Police in general duties, criminal investigations, as a prosecutor and discipline adviser. Following that, he worked for eight years at the Victorian Government Solicitor's Office providing specialist advice and advocacy to a broad range of government regulatory clients both directly and as a team leader. Greg then returned to Victoria Police for two years in the role of Principal Legal Adviser.

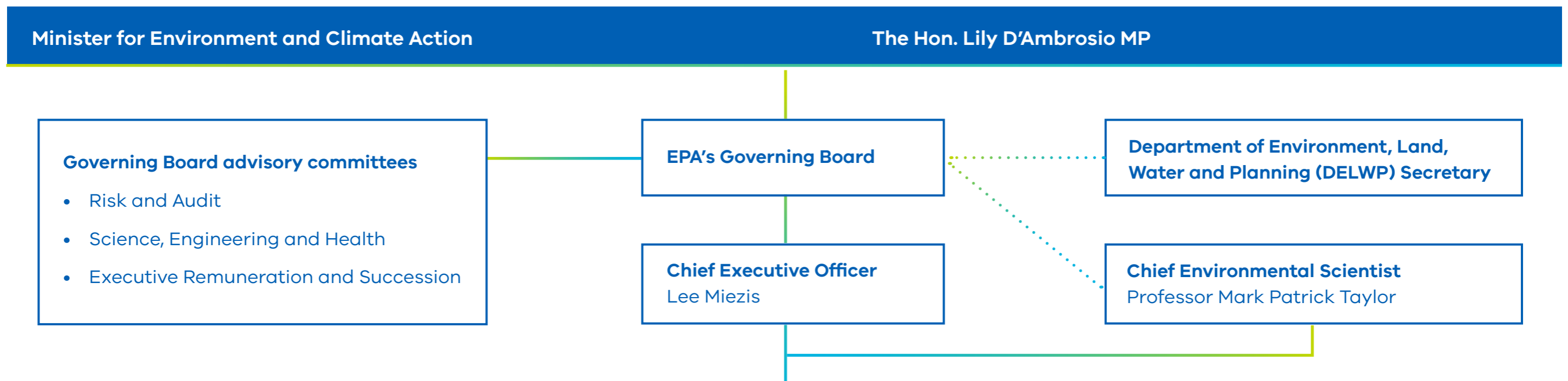
Cathy Heycock Director Public Affairs

BA

Cathy joined EPA in 2021. Before joining EPA, Cathy headed strategic communications at the Department of Environment, Land, Water and Planning (DELWP).

Cathy brings a wealth of experience in the environment and health portfolios leading strategic communications and major campaigns.

Organisational structure



EPA is organised into seven main divisions and branches:

Strategy	Operations	Science	Corporate Services	Quality	Legal	Public Affairs
Defines and drives the regulatory direction, strategic priorities and capabilities across EPA and leads the organisation through changes in the regulatory and policy landscape.	Leads EPA's frontline regulatory response to prevent harm to human health and the environment through engagement and education; inspections and monitoring; and enforcing compliance with the law.	Enables regulatory excellence at EPA, delivering innovative and targeted scientific advice to support strategy and policy development, and strategic and operational decision making.	Defines and drives the people, finance and information technology priorities for EPA, and enables a culture of high performance in the delivery of regulatory and enterprise functions.	Drives and enables the quality of regulatory and enterprise decision making and operations through an independent quality and assurance function that works across EPA.	Provides a legal centre of expertise, responsible for defining and overseeing legal policies and processes, providing legal advice and support on regulation and enforcement matters, and managing EPA's legal obligations.	Enables regulatory excellence through communications and engagement with communities and industry to promote understanding and compliance with the laws that prevent harm to human health and the environment.

Note:
EPA's organisational structure as of 30 June 2022.

Occupational health and safety



Policies, systems, and processes

EPA's safety vision is a healthy workplace and a safety-first culture. EPA is committed to reducing to as low as practically possible work-related injuries and illnesses, both physical and mental.

The key controls supporting our vision are:

- Creating a positive and supportive safety culture
- Reducing risk in the workplace by implementing robust management practices
- Maintaining an effective safety management system
- Enhancing leadership, capability, accountability, and influence.

2021-22 marked the final year of the current EPA Health, Safety and Wellbeing (HSW) Strategy. This strategy supports delivery of a range of initiatives, with a focus in 2021-22 on further upgrades to the myEPA HSW software system including:

- A new fatigue module in the online HSW system to monitor hours worked for all emergency response activities
- Upgrades to online HSW system to enhance ease of use
- The inclusion of hearing tests and vaccination records in employee health records.

A vital element of the HSW Strategy is maintaining ISO 45001:2018 certification of EPA's Occupational Health and Safety (OHS) Management System. This year, we maintained certification following the annual compliance audit in November 2021.

During the year, EPA continued with a range of programs to support staff health and safety during the pandemic.

Health and wellbeing events, such as R U OK? Day were acknowledged through online events and the annual flu vaccination program was changed to an online voucher system to enable staff to receive vaccinations through local pharmacies.

EPA also maintained COVID-19 specific guidance and procedures for external inspections and return to office while our workforce transitioned to a hybrid model of working.

The year also saw the review of key OHS policies and procedures, the introduction of online compliance activities, safety related inspections and further enhancement of health and safety content on our intranet site.

EPA rolled out a targeted program on psychological wellbeing and resilience building for staff members undertaking emergency response roles. The program is funded by Emergency Management Victoria.

All EPA OHS policies and procedures are consistent with the Occupational Health and Safety Act 2004, Occupational Health and Safety Regulations 2017 and the Workplace Injury Rehabilitation and Compensation Act 2013. The Victorian Public Service Enterprise Agreement 2020 covers the formal agreement with the Community and Public Sector Union (CPSU) regarding issues and obligations for OHS.

Incident management

EPA had 93 incidents reported, with 46 resulting in injury or impact to an individual. This included slips, trips, fall injuries, sprains and strains, and equipment or vehicle and psychosocial injuries. As was the case in the previous year, there was a reduction in incidents reported this year compared to previous years. The pandemic resulted in a reduction in EPA external activities, which led to a reduction in the number of incident reports made.

In 2021-22, 38 per cent of the total reported incidents related to field work. Attending environmental incidents, responding to pollution and emergency reports, and entering a wide variety of non-EPA facilities and workplaces, these activities represent the most significant identified risk for EPA employees. EPA continued to focus on managing these risks through an annual review of refresher training, promoting the job safety analysis and dynamic risk assessment process, identifying appropriate equipment, supporting the commitment of EPA employees to their safety and safe work practices and the EPA risk register.

EPA offers employees and their immediate family access to an Employee Assistance Program (EAP) which provides confidential, professional counselling for personal or work-related issues. In 2021-22, 223 sessions were conducted by EPA's Employee Assistance Program providers with 56 per cent of the issues raised related to mental health and workplace stress. There were 33 psychological incidents reported which accounted for 35 per cent of all OHS incidents reported in 2021-22.

There were two accepted WorkCover claims for 2021-22 and two lost time injuries.

Performance against Occupational health and safety (OHS) management measures

Table 10
Performance against (OHS) management measures

Measure	Key performance indicator	Notes	2021-22	2020-21	2019-20	2018-19
Incidents	No. of incidents	1	93	77	140	188
	Rate per 100 FTE	3	13.68	10.27	19.66	28.54
	Injury rate		1.03	1.42	2.29	3.88
	LTI		2	3	1	2
	LTIFR	4	1.8	2.6	0.71	1.92
Claims	No. of standard claims	2	2	2	2	1
	Rate per 100 FTE	3	0.29	0.27	0.28	0.15
	No. of lost time claims		2	2	1	1
	Rate per 100 FTE	3	0.29	0.27	0.14	0.15
	No. of claims exceeding 13 weeks		1	1	1	0
	Rate per 100 FTE	3	0.15	0.13	0.14	0
Fatalities	Fatality claims		0	0	0	0
Claim costs	Average cost per standard claim	2	\$24,043	\$41,524	\$43,945	\$35,538
Return to work	Percentage of claims with Return to Work (RTW) Plan <30 days		100%	100%	100%	100%
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS, and OHS plans (signed by CEO or equivalent).		100%	100%	100%	100%
	Evidence of OHS criteria(s) in purchasing guidelines (including goods, services, and personnel).		Completed	Completed	Completed	Completed

Table 10 Notes:

1. Incident data sourced from EPA's internal system, myEPA, as of 30 June 2022.
2. Data sourced from the Victorian WorkCover Authority as of 30 June 2022.
3. Based on a monthly average FTE of 679.44 for 2021-22.
4. Rolling 12-month average.
5. Inspections were not conducted due to office closures related to COVID shutdowns

Measure	Key performance indicator	Notes	2021-22	2020-21	2019-20	2018-19	
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IPRs)		Completed	Completed	Completed	Completed	
	Compliance with agreed structure on DWGs, HSRs, and IRPs		Completed	Completed	Completed	Completed	
Risk management	Percentage of internal audits/workplace inspections completed as planned	5	n/a	80%	75%	85%	
	Percentage of reported incidents investigated		100%	100%	100%	100%	
	No. of ISO 45001:2018 external audit non-conformances		3	4	3	1	
	Percentage of ISO 45001:2018 external audit non-conformances actioned		100%	100%	100%	100%	
	Percentage of issues identified and actioned arising from:						
	Internal audits		100%	100%	100%	100%	
	HSR provisional improvement notices		0	0	0	0	
WorkSafe Victoria notices		0	0	0	0		
Training	Percentage of issues identified and actioned arising from:						
	Induction		95%	100%	100%	100%	
	Management training		70%	60%	20%	55%	
	Contractors, temps, and visitors		100%	100%	100%	75%	
	Percentage of HSRs trained:						
	Acceptance of role		90%	75%	90%	80%	
	Retraining (refresher)		40%	30%	30%	30%	
Reporting of incidents and injuries		100%	100%	100%	100%		

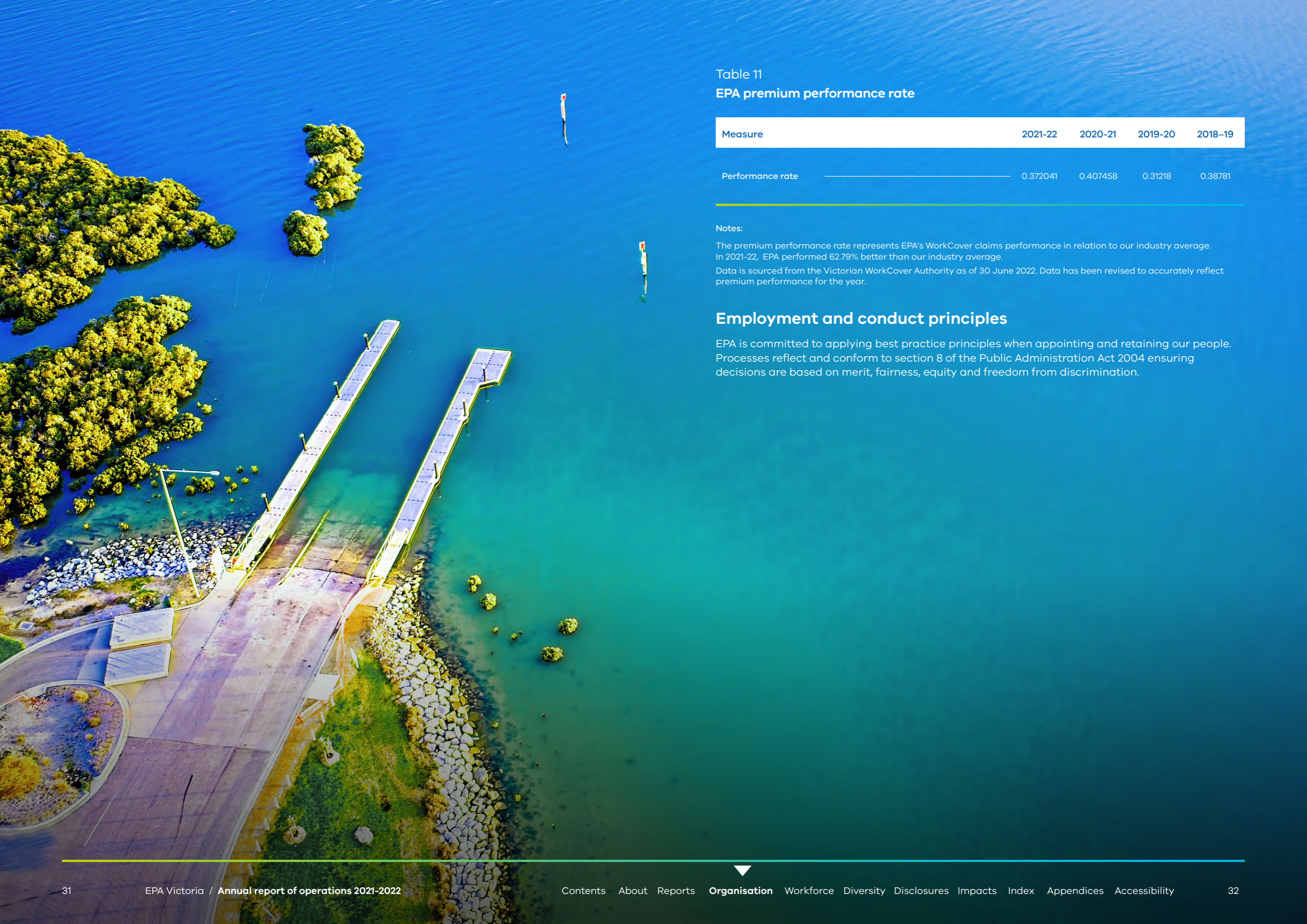


Table 11
EPA premium performance rate

Measure	2021-22	2020-21	2019-20	2018-19
Performance rate	0.372041	0.407458	0.31218	0.38781

Notes:

The premium performance rate represents EPA's WorkCover claims performance in relation to our industry average. In 2021-22, EPA performed 62.79% better than our industry average.

Data is sourced from the Victorian WorkCover Authority as of 30 June 2022. Data has been revised to accurately reflect premium performance for the year.

Employment and conduct principles

EPA is committed to applying best practice principles when appointing and retaining our people. Processes reflect and conform to section 8 of the Public Administration Act 2004 ensuring decisions are based on merit, fairness, equity and freedom from discrimination.

Workforce data

Values and employment principles

EPA's organisational values are excellence, partnership and accountability which reflect the Victorian Public Sector values and expectations outlined in the Code of Conduct. All new employees and those returning from extended leave throughout the year were onboarded with a series of development modules to build awareness and understanding of these values and employment principles. EPA is committed to enabling a culture of performance and accountability. All policies and procedures are routinely reviewed to ensure alignment with the public sector employment standards under the Public Administration Act 2004, and to ensure that our practices value diversity while creating a safe and healthy workplace for our people.

All employees are employed by the Victorian Public Service Enterprise Agreement 2020, except for executives who hold individual employment contracts under the Public Administration Act 2004. Employees have been correctly classified in workforce data collections.

Comparative workforce data

The following table discloses the headcount and full-time staff equivalent (FTE) of all active public service employees of EPA, employed in the last full pay period in June of the current reporting period, and in the last full pay period in June of the previous reporting period (2021).



Table 12 notes:

1. FTE means 'full-time staff equivalent', FTE figures may not sum to the total due to rounding.
2. Staff on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies are excluded.
3. All figures reflect employment levels as of 30 June each year.

Table 12
Details of employment levels
2021-2022

	All employees		Ongoing employees			Fixed term and casual employees	
	Number Headcount	FTE	Full time headcount	Par-time headcount	FTE	Number Headcount	FTE
Gender							
Men	333	327	283	12	289	38	36
Women	338	317	251	44	277	43	41
Self-described	2	2	2	0	2	0	2
Age							
15-24	9	9	9	0	9	0	0
25-34	160	158	130	7	134	23	23
35-44	233	220	186	26	202	21	19
45-54	177	169	138	15	146	24	24
55-64	77	75	60	5	63	12	12
65+	17	15	13	3	14	1	1
Total	673	646	536	56	568	81	79

2020-2021

Gender							
Men	365	359.1	272	16	283.4	77	75.7
Women	420	389.6	229	87	289.8	104	99.8
Self-described	1	1	1	0	1	0	0
Age							
15-24	6	5.8	1	0	1	5	4.8
25-34	197	191.4	123	11	130.2	63	61.3
35-44	286	267.9	169	52	205.2	65	62.7
45-54	200	191.6	142	26	160.8	32	30.8
55-64	82	79.3	58	10	65.4	14	13.9
65+	15	13.6	9	4	11.6	2	2
Total	786	749.6	502	103	574.2	181	175.5

Table 13

Details of employment levels in June 2021 and June 2022 continued 2021-2022

	All employees		Ongoing employees			Fixed term and casual employees	
	Number Headcount	FTE	Full time headcount	Par-time headcount	FTE	Number Headcount	FTE
Vps 1-6 grades / science grades A-D							
VPSG2	7	7	6	1	7	0	0
VPSG3 / Science A	127	123	107	7	111	13	13
VPSG4 / Science B	188	178	151	16	158	21	20
VPSG5 / Science C	243	231	192	27	208	24	23
VPSG6 / Science D	86	85	73	5	77	8	8
Senior employees							
SES-1	9	9	0	0	0	9	9
SES-2	4	4	0	0	0	4	4
SES-3	1	1	0	0	0	1	1
STS	9	8	7	0	7	2	2
Total	673	646	536	56	568	81	79

2020 - 2021

Vps 1-6 grades / science grades A-D							
VPSG2	3	3	0	0	0	3	3
VPSG3 / Science A	136	129.8	80	17	92.3	39	37.6
VPSG4 / Science B	244	232.4	157	27	174	60	58.3
VPSG5 / Science C	268	255.2	171	41	200.8	56	54.5
VPSG6 / Science D	112	106.2	72	18	85.1	22	21.1
Senior employees							
SES-1	17	17	0	0	0	17	17
SES-2	6	6	0	0	0	6	6
SES-3	1	1	0	0	0	1	1
STS	3	3	2	0	2	1	1
Total	790	753.6	482	103	554.2	204	198.5

Executive officer data

An executive officer is defined as a person employed as a public service body head or other executive under Part 3, Division 5 of the Public Administration Act 2004. All figures in the following tables reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

Table 14

Annualised total salary, by \$20,000 bands, for executives and other senior non-executive staff

Income band (salary)	Executives	STS	PS	SMA	SRA	Other
< \$160,000						
\$160,000 - \$179,000		2				
\$180,000 - \$199,000		2				
\$200,000 - \$219,000	5	1				
\$220,000 - \$239,000	2	3				
\$240,000 - \$259,000	2					
\$260,000 - \$279,000						
\$280,000 - \$299,000	1					
\$300,000 - \$319,000						
\$320,000 - \$339,000	3					
\$340,000 - \$359,000						
\$360,000 - \$379,000						
\$380,000 - \$399,000						
\$400,000 - \$419,000	1					
Total	14	8	0	0	0	0

Notes: The salaries reported above are for the full financial year, at a 1-FTE rate, and exclude superannuation.

Table 15

Total number of executives by gender

Classification	All		Men		Women		Self-described		Vacancies
	No.	Var.	No.	Var.	No.	Var.	No.	Var.	No.
SES 1	9	-8	4	-3	5	-5	0	0	0
SES 2	4	-2	2	-2	2	0	0	0	0
SES 3	1	0	1	0	0	0	0	0	0
Total	14	-10	7	-5	7	-5	0	0	0

Notes: The salaries reported above are for the full financial year, at a 1-FTE rate, and exclude superannuation.

Diversity and inclusion

To truly represent, understand and serve Victorians, EPA needs to reflect what they look like across all areas.

The development of EPA's first Gender Equality Action Plan addresses the gaps and barriers that exist within EPA and seeks to break them down by introducing meaningful actions to address gender inequities within our workforce. While EPA already has a strong and dedicated culture focused on gender equity, this plan further embeds that baseline while offering continuous improvement and focus on the areas that need it.

Priority areas of focus include:

- Gender composition across all levels of our workforce
- Gender pay equity
- Prevention of workplace sexual harassment
- Recruitment and promotion
- Leave and flexibility
- Gendered work segregation

The initiatives under these priorities will be embedded into EPA's ways of working in the coming years, with ongoing monitoring and evaluation of their efficacy.

Compliance with the Disability Act 2006

The Disability Act 2006 reaffirms and strengthens the rights of people with a disability.

In 2021-22, EPA continued to deliver actions to remove barriers from gaining and maintaining employment and preventing full engagement with EPA's services and facilities.

EPA is consistent with the government's framework for enabling people with a disability to participate and contribute to the social, economic and civic life of their community

Milestones for the year included:

- continuation of reviews of facilities design for EPA worksite locations to ensure they are accessible
- further reviews to our processes to address barriers for those with disabilities in applying for EPA roles.

Other disclosures

Local Jobs First

The Local Jobs First: Victorian Industry Participation Policy Act 2003, introduced in August 2018, brings together the Victorian Industry Participation Policy and Major Project Skills Guarantee policy, which were previously administered separately.

Departments and other public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million (including GST) or more in metropolitan Melbourne for statewide projects, or \$1 million (including GST) or more for projects in regional Victoria.

During 2021-22 EPA continued to be compliant with the Local Jobs First policy.

During 2021-22, EPA's IT Managed Services contract was applicable to the Local Jobs First policy where a Local Industry Development Plan was completed by the successful supplier following a Request for Tender.

The outcomes expected from the implementation of the Local Jobs First policy to this project where information

was provided are as follows:

- 100 per cent local content commitment was made
- 31.94 annualised employee equivalent jobs were committed, including the creation of 22.36 new jobs and the retention of 9.58 existing jobs
- 17.19 positions for apprentices, trainees and cadets were committed, including the creation of 6.88 new apprenticeships, 3.43 new traineeships and 1.72 new cadetships.

Government advertising expenditure

EPA's expenditure in the 2021-22 reporting period on government campaign expenditure did not exceed \$100,000.

Consultancy expenditure

Consultancies (valued at \$10,000 or greater)

In 2021-22, there were 20 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2021-22 in relation to these consultancies was \$2,736,962 (excluding GST). Details of individual consultancies are outlined in the table and are made available on EPA's website through the publication of our annual reports.

Table 16

Details of consultancies (valued at \$10,000 or greater)

Supplier	Purpose of consultancy	Total Approved Project Fee (Excl.GST)	Expenditure 2021-22 (Excl. GST)	Future Expenditure (Excl.GST)
Acton Advisory PTY LTD	Business need and system design (Process improvement)	\$357,600	\$357,600	
Arcadis Australia Pacific PTY LTD	Commercial and transaction advice (Waste Levy)	\$90,909	\$9,717	\$13,117
Atura PTY LTD	Framework development and policy research (Recycled water)	\$27,282	\$24,227	\$3,055
Australian Catholic University LTD	General professional services (Environmental noise)	\$45,455	\$27,273	
Deloitte Touche Tohmatsu	Framework development and policy research (SEPP Waters Monitoring Evaluation and Reporting framework)	\$133,636	\$53,455	\$80,182
Ernst & Young PTY LTD	Review of structure, process, and practice (Strategic review)	\$45,455	\$45,450	
First Person Consulting PTY LTD	Review of structure, process, and practice (Officers for the Protection of the Local Environment Program)	\$34,927	\$909	\$16,945
Greencap PTY LTD	General professional services (Small Business program)	\$186,364	\$112,036	\$52,782
Grosvenor Performance Group PTY LTD	Framework development and policy research (MERI)	\$181,818	\$94,462	\$87,356
KD Mackenzie	Review of structure, process, and practice (Strategic review)	\$20,000	\$7,275	\$7,650
Price Waterhouse Coopers	Review of structure, process and practice (Strategic review)	\$882,375	\$836,920	

Supplier	Purpose of consultancy	Total Approved Project Fee (Excl. GST)	Expenditure 2021-22 (Excl. GST)	Future Expenditure (Excl. GST)
RM Consulting Group PTY LTD	Commercial and transaction advice (Wastewater irrigation)	\$109,925	\$37,403	\$35,320
RM Consulting Group PTY LTD	Commercial and transaction advice (Onsite Wastewater Management Systems)	\$77,140	\$6,040	\$71,100
Science in Public	Commercial and transaction advice (Groundwater sampling)	\$18,000	\$7,400	\$6,580
Spring Point PTY LTD	Business need and system design (Cultural diagnostics)	\$154,545	\$105,200	\$49,345
The Reprtrak Company	General professional services (Communication Government program)	\$225,600	\$112,800	\$112,800
Vitae Partners PTY LTD	Review of structure, process, and practice (Strategic review)	\$1,194,609	\$760,308	\$199,272
Whitehead & Associates Environmental Consultants PTY LTD	Commercial and transaction advice (On site Wastewater Management Systems)	\$98,407	\$93,487	
With Purpose Solutions	Review of structure, process, and practice (Strategic review)	\$26,000	\$26,000	
With Purpose solutions	Review of structure, process, and practice (Regulatory strategic priorities)	\$31,250	\$19,000	\$12,250

Consultancies under \$10,000

In 2021-22 there was one consultant engaged where the total fee payable to the individual consultant was less than \$10,000. The total expenditure incurred during 2021-22 in relation to this consultancy was \$1,700 excluding GST.

Information and communication technology expenditure

For the 2021-22 reporting period, EPA had a total information and communication technology (ICT) expenditure of \$37.4 million, with the details shown in Table 17.

Table 17

Disclosure of ICT expenditure (\$M)

Business as usual (BAU) ICT expenditure	Nonbusiness as usual (nonBAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and Capital expenditure)		
\$35.1	\$2.2	\$1.4	\$0.8

ICT expenditure refers to the Authority’s costs in providing business enabling ICT services. It comprises business as usual (BAU) ICT expenditure and non-business as usual (non-BAU) ICT expenditure.

BAU ICT expenditure is ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability. Non-BAU ICT expenditure relates to the delivery of ICT projects primarily associated with the Recycling Victoria initiative and the Illegal Dumping Strikeforce initiative.

The Non-BAU ICT expenditure includes work in progress amounts of \$0.8 million for activities associated with the Authority’s Illegal Dumping Strikeforce initiative.

Disclosure of major contracts

During 2021-22 EPA entered one contract over \$10 million, with Capgemini Pty Ltd for IT Managed Services.

Competitive Neutrality Policy

The Competitive Neutrality Policy requires government businesses to ensure where services compete, or potentially compete, with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately-owned. The policy supports fair competition between

public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service. EPA continues to comply with the requirements of the policy.

Freedom of information

The Freedom of Information Act 1982 (FOI Act) allows the public a right of access to documents held by EPA.

The purpose of the FOI Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the FOI Act.

Any person has a right to apply for access to documents held by EPA. This includes documents created by, or that have been given to, EPA by an external organisation or individual. The meaning of documents under the FOI Act is broad and may include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

A large amount of EPA’s information and documents is available through online and print publishing, as well as in-person service. We make available as much information as possible, limiting the need for the public to seek documents under the FOI Act. If the information or documents a person wants cannot be found through these channels, a request may be made under the FOI Act.

The FOI Act allows EPA to refuse access, either fully or partially, to certain documents or information if an exemption under the FOI Act applies. Examples of documents to which access might be refused include cabinet documents, some internal working documents, law enforcement documents, documents covered by legal professional privilege (such as legal advice), personal information about other people, and information provided to EPA in-confidence.

The FOI Act requires EPA to give a decision on a request no later than 30 days from the day the request is received. However, when consultation is required under the FOI Act in relation to documents relevant to a request, we may take up to 45 days to make its decision. Alternatively, with agreement from the applicant, EPA may extend the time for deciding a request by periods of up to 30 days. The applicant’s agreement to an extension may be given any number of times. An applicant who is not satisfied by a decision has the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving it.

Making a request

Section 17 of the FOI Act sets out the requirements for making an FOI request. Applicants must make requests in writing (unless they are incapable of doing so), and clearly identify the documents to which they seek access. There is also an application fee of \$30.60 payable before a request will be processed. Access charges will also be payable in relation to most requests. However, EPA may waive the application fee if an applicant can demonstrate hardship and, in some circumstances, access charges are not payable or will be waived.

FOI requests can be submitted by email or by post to the Freedom of Information Officer.

To lodge a request by email, the address is: foi@epa.vic.gov.au

To lodge a request by post, the address is: EPA Victoria Freedom of Information Officer GPO Box 4395, Melbourne VIC 3001.

FOI statistics/timeliness

During 2021–22, EPA received 124 applications. Of these requests, one was from a Member of Parliament, two were from the media, and the remainder were from the general public. We made 110 FOI decisions during the 12 months ending 30 June 2022:

- 14 were made within 30 days
- 16 within 30 to 45 days
- 45 within 46 to 90 days
- 35 decisions in greater than 90 days
- 43 were made after extensions had been applied or agreed upon by the applicant.

The average time taken to finalise requests in 2021–22 was 87 days.

During 2021–22, two requests were the subject of complaints, and three decisions were the subject of a review by OVIC. Two decisions became the subject of a review application to the Victorian Civil and Administrative Tribunal, whether made by an applicant or a third party to a decision on a request.

Further information about making a request can be found on its FOI webpage at epa.vic.gov.au/about-epa/governance/freedom-of-information.

Further information about the operation and scope of the FOI Act can be obtained from the FOI Act itself, the regulations made under the FOI Act, and from from Office of the Victorian Information Commissioner (OVIC) at ovic.vic.gov.au.



Compliance with the Building Act 1993

EPA does not own or control buildings. However, we comply with the building and maintenance provision of the Building Act 1993 to the extent that we are responsible as a tenant in leased premises.

Compliance with the Public Interest Disclosures Act 2012

The *Public Interest Disclosures Act 2012* (PID Act) enables people to make a disclosure about corrupt or improper conduct by a public officer or a public body. EPA is a public body for the purposes of the PID Act.

A public interest disclosure is a complaint of corrupt or improper conduct or detrimental action by a public officer or a public body. 'Improper or corrupt conduct' involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption. 'Detrimental action' is action taken against a person in reprisal for making a public interest disclosure.

You can make a public interest disclosure about EPA or its board members, officers or employees by contacting the Independent Broad-based Anti-corruption Commission. EPA is not able to receive public interest disclosures.

EPA has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about EPA, its board members, officers or employees. You can access EPA's procedures on our website at epa.vic.gov.au.

Independent Broad-based Anti-corruption Commission (IBAC) Victoria

Address
Level 1, North Tower
459 Collins Street, Melbourne, Victoria 3000

Mail
GPO Box 24234, Melbourne, Victoria 3001.

Internet
ibac.vic.gov.au

Phone
1300 735 135

Email
See the website for the secure email disclosure process, which also provides for anonymous disclosures.

Other information available on request

Information listed in this section (as per the Financial Reporting Directive 22B 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 us, 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
- Details of overseas visits, including a summary of the objectives and outcomes of each visit
- Details of major promotional, public relations and marketing activities by EPA to develop community awareness of EPA and our services
- Details of assessments and measures 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.

Compliance with the DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information included in this annual report will be available at data.vic.gov.au in machine readable format.

Office-based environmental impacts

Office-based environmental impacts

The EPA has a staff-run working group, Green Stars, which delivers initiatives to improve environmental sustainability across all EPA work environments through initiatives and influencing behaviour change for ongoing change.

For example, during 2021-22, the group promoted Plastic Free July, Sustainable House Day and International Composting Awareness Week. Due to the easing impacts of the COVID-19 pandemic, approximately 90% of EPA staff continued working from home for the full year, compared to 95% last year.

This shift has resulted in a minor increase across a number of environmental indicators reported in the sections below on top of the year-on-year variability by EPA.

EPA's greenhouse gas inventory has been prepared using the National Greenhouse Accounts (NGA) Factors updated by the Australian Government's Department of Environment in August 2021 and

management-derived methods where appropriate emissions calculation methods and factors were not available in the NGA Factors.

Impacts on the environment attributable to EPA from staff working from home, such as energy and water consumption and waste generation, were estimated to provide a more holistic account on the EPA's total impact.

A detailed description of the methodologies and conversion factors applied can be found in EPA's Greenhouse Gas Inventory Management Plan 2021-22. The inventory covers data from all EPA offices, air monitoring stations, small monitoring sites and staff input.

A summary of the number of offices, air monitoring stations, small monitoring stations and staff as well as office floor area is presented in Table 19 below. EPA confirmed there have been no changes from 2020-21 except a decrease in the number of FTEs.

Table 19
FTEs, offices, monitoring stations, and sensors

Indicator	2021-22	2020-21	2019-20
Total Full-time equivalent employees (FTEs)	663	750	714
Total office area (m ²)	14,250	14,250	12,668
Number of offices	9	9	7
Number of air monitoring stations	17	17	17
Small monitoring sites ¹	25	25	19

Notes:

1. Small monitoring sites include small footprint sites, sensor sites and camera sites.

Energy

Electricity consumption also includes a portion of Green Power, which represents electricity consumed from renewable energy sources.

Table 20 presents EPA's energy consumption performance for the 2021-22, 2020-21 and 2019-20 financial years. Data for electricity and natural gas consumption was obtained from invoices provided by EPA's energy retailers. Where data was not available, consumption was estimated using daily consumption rates from information that was available.

Total energy usage decreased in 2021-22 due to significant decrease in natural gas usage. The decrease is predominantly attributable to changes in energy sources at EPA's head office, which did not use any natural gas or trigeneration in 2021-22, instead drawing electricity directly from the grid.

EPA continues to implement energy reduction initiatives throughout the EPA offices. For example, during 2021-22, the EPA head office upgraded all floor lighting including motion sensors, and CES Macleod completed an upgrade of the heating, ventilation and air conditioning (HVAC) system. Also, EPA IT has completed a review and upgrades all sites with energy efficient AV equipment as required.

EPA retained its high energy performance at EPA's Head Office with NABERS energy rating of 5.5 stars. North Geelong also received a NABERS energy rating of 5.5 stars in 2021-22, while Traralgon was rated at 5 stars.

Table 20
Energy use

Indicator	2021-22	2020-21	2019-20
E.1 Total energy usage segmented by primary source (MJ)	12,356,885	20,851,524	18,517,666
Electricity (MJ) - excluding Green Power	6,369,282	5,443,850	5,312,181
Natural gas (MJ)	5,794,920	15,237,597	14,759,850
Green Power (MJ)	192,683	170,076	282,859
E.2 Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (tCO2e)	2,109	2,494	2,471
Electricity (tCO2e) - excluding Green Power	1,787	1,648	1,653
Natural gas (tCO2e)	322	846	818
E.3 Percentage of electricity purchased as green power	2.94%	3.03%	5.06%
E.4 Units of energy used per FTE (MJ/FTE)	18,626	27,802	25,924
E.5 Units of energy used per unit of office area (MJ/m2)	867	1,463	1,462

Energy targets

EPA's energy use target for 2021-22 was carried over from 2018-19.

EPA's energy target for 2021-22 was an energy intensity target for electricity use expressed in megajoules per square-metre of floor area (MJ/m²).

Table 21 below presents EPA's performance against its energy intensity target for 2021-22 showing that the target has been met. EPA is reviewing its targets for future reporting periods.

Table 21
Current performance against Sustainability Plan targets for energy use

Measure	June 2020 target	Current progress
Energy use (electricity) per m ² per year	550 MJ	447 MJ

Waste and recycling

EPA's primary source of waste was from remote working staff.

The waste generated by EPA's staff is assumed to be separated into landfill, co-mingled recycling and compost (organics recycling). Table 22 presents EPA's waste and recycling performance for the 2021-22, 2020-21 and 2019-20 financial years. Data for waste and recycling was obtained from waste audits conducted by EPA.

EPA's total waste and waste per FTE increased in 2021-22 due to EPA staff returning to work due to reduction of COVID-19 pandemic restrictions. With 90% of EPA's FTE still working from home, the types of wastes most commonly disposed of were similar to 2020-21.

For example, e-waste, paper, cardboard and secure documents comprise a smaller proportion of total waste than in 2019-20, as it is unlikely staff would print documents or dispose of e-waste working from home.

EPA continues to work on reducing waste generation, including requesting a worm farm at the Sunshine office, working with co-tenants at Geelong and Traralgon offices to manage organic waste and providing feedback to staff and stakeholders on the results of the waste audit.

Table 22
Waste and recycling

Indicator	2021-22	2020-21	2019-20
Ws1. Total units of waste disposed of by destination (kg/yr)	18,948	14,552	17,177
Landfill (kg)	6,409	4,662	4,801
Comingled recycling (kg)	6,260	3,872	4,098
E-waste & other recycling (kg)	16	15	235
Paper and card (kg)	498	42	633
Secure documents (kg)	-	78	1,182
Organics (kg)	5,765	5,883	6,227
Ws2. Units of waste disposed of per FTE by destinations (kg/FTE)	28.56	19.40	24.05
Landfill (kg)	9.66	6.22	6.72
Comingled recycling (kg)	9.44	5.16	5.74
E-waste & other recycling (kg)	0.02	0.02	0.33
Paper and card (kg)	0.75	0.06	0.89
Secure documents (kg)	-	0.10	1.66
Organics (kg)	8.69	7.84	8.72
Ws3 Recycling rate (percentage of total waste)2	66%	68%	72%
Ws4 Greenhouse gas emissions associated with waste disposal (tCO2e)	10.25	7.29	6.94



Waste targets

EPA's waste target for 2021-22 was carried over from 2018-19.

EPA's waste target for 2021-22 was a waste intensity target expressed as the quantity of waste generated per full-time equivalent (FTE) employee. Table 23, below presents EPA's performance against its waste intensity target

showing that the target has been met. EPA is reviewing its targets for future reporting periods.

Table 23
Current performance against Sustainability Plan targets for waste

Measure	June 2020 target	Current progress
Waste generated per FTE per year (kg)	60 kg	29 kg

Paper

Paper is used by EPA primarily for office printing.

Table 24 shows EPA's paper consumption performance for the 2021-22, 2020-21 and 2019-20 financial years. Data for paper was obtained from EPA's expenditure report provided by its office paper supplier.

EPA has several initiatives in place to reduce paper consumption. 'Follow-Me Printing' requires staff to confirm print jobs with their identification cards prior to the execution of the print job and aims to improve both printing management and security.

All EPA printers are environmentally-efficient models with print reporting and management software installed for improved information on usage and cost allocation by business unit. All EPA staff have been provided with Microsoft Surface Pro tablets and laptops, in an effort to encourage greater digital, rather than paper-based, consumption of information.

Although there has been a decrease in the percentage of recycled paper used, EPA's paper use has decreased significantly in 2021-22 and can be attributed to the shift towards digital information consumption.

Table 24
Paper use

Indicator	2021-22	2020-21	2019-20
P1. Total units of A4 equivalent copy paper used (reams)	183	465	2,205
P2. Units of A4 equivalent copy paper used per FTE (reams/FTE)	0.3	0.6	3.1
P3. 100% recycled content	22.4%	98.3%	95.2%
P3. 50-74% recycled content	0.0%	0.0%	0.0%
P3. Percentage of 0-49% recycled content	77.6%	1.72%	4.76%

Paper use targets

EPA's paper use target for 2021-22 was carried over from 2018-19.

EPA's paper consumption target for 2021-22 was a paper consumption intensity target expressed as the number of reams of paper consumed per full-time equivalent employee.

Table 25, below, presents EPA's performance against its paper consumption intensity target showing that the target has been met. The EPA is reviewing its targets for future reporting periods.

Table 25
Current performance against Sustainability Plan targets for paper

Measure	June 2020 target	Current progress
Reams of A4-equivalent paper used per FTE	5.00	0.28

Water

EPA's water use includes water consumed across all office facilities.

Table 26 presents EPA's water use performance for the 2021-22, 2020-21 and 2019-20 financial years. The data is based on water meter readings at all metropolitan and regional offices. Where data was not available, consumption was estimated using daily consumption rates obtained from information that was available.

Overall, EPA saw a decrease in absolute water consumption and in office water consumed per FTE, driven by COVID-19 related office shutdowns.

Table 26

Water use (office facilities only)

Indicator	2021-22	2020-21	2019-20
W1. Total water consumption (kilolitres)	3,939	5,314	6,405
W2. Units of office water used as per FTE (kilolitres/FTE)	5.94	7.09	8.97
W3. Units of office water used per office area (kilolitres/m ²)	0.28	0.37	0.51

Water use targets

EPA's water use target for 2021-22 was carried over from 2018-19. EPA's water target for 2021-22 was a water use intensity target expressed as the number of kilolitres consumed per square-metre of floor area (kL/m²).

Table 27, below, presents EPA's performance against its water use intensity target showing the target has been met. EPA is reviewing its targets for future reporting periods.

Table 27

Current performance against Sustainability Plan targets for water

Measure	June 2020 target	Current progress
Water use per year (kilolitres/m ²)	0.28	0.28



Transport

EPA's transport footprint includes vehicles, air travel and staff commuting.

Table 28 shows EPA's energy consumption and greenhouse gas emissions performance for the 2021-22, 2020-21 and 2019-20 financial years. Data for EPA's vehicle fleet and flights was obtained from fuel card and other internal reports. Staff commuting data is generally obtained from a yearly travel survey, however, due to the COVID-19 pandemic, the 2018-19 survey was reused and extrapolated across all EPA staff.

EPA encourages its staff members to use public transport for official work whenever possible. All EPA sites follow the NABERs energy rating principles, including "close to public transport". EPA's video conferencing facilities and upgrades to internet and audio and visual equipment have greatly reduced the need for staff to travel to other offices.

A greater percentage of staff commuting to the head office in the CBD use more sustainable forms of transport than in the greater Melbourne and regional offices where the transport infrastructure is not as established and accessible.

Travel restrictions from the COVID-19 pandemic eased in 2021-22, however the initiatives that EPA introduced to cope with transport restrictions have remained. As a result of this, alongside an increase in the number of hybrid vehicles, emissions from EPA's vehicle fleet have decreased in 2021-22. To further reduce emissions, EPA is reviewing electric vehicle options through a relationship with VicFleet for 2022-23. Air travel emissions increased significantly in 2021-22 as a result of easing travel restrictions, but remain lower than 2019-20.

Table 28
Transport

Indicator	2021-22	2020-21	2019-20
T1. Total energy consumption by fleet vehicles (MJ)	2,719,709	5,135,068	3,056,138
Diesel	1,567,791	1,965,664	862,783
LPG	-	-	-
ULP	579,952	2,849,634	2,020,426
Hybrid	571,967	319,770	172,929
T2. Total distance travelled by fleet vehicles (km)	947,081	1,433,194	1,032,379
Diesel	431,689	456,920	248,661
LPG	-	-	-
ULP	224,783	840,540	683,764
Hybrid	290,609	135,734	99,954
T3. Total greenhouse gas emissions from fleet vehicles (tCO₂e)	239	371	220
Diesel	116	145	64
LPG	-	-	-
ULP	82	203	144
Hybrid	41	23	12
T3. Greenhouse gas emissions from fleet vehicles per 1,000 km (tCO₂e)	0.25	0.26	0.21
Diesel	0.27	0.32	0.26
LPG	0	0	0
ULP	0.36	0.24	0.21
Hybrid	0.14	0.17	0.12
T4. Total distance travelled by aeroplane (km)	58,376	3,669	260,729
T5. Percentage of employees using sustainable¹ modes of transport to get to and from work or working from home	70%	70%	70%
CBD (%)	86%	86%	86%
Metro (%)	73%	73%	73%
Regional (%)	48%	48%	48%

Notes:

1. Sustainable transport is defined here as public transport, cycling, walking, car-pooling, electric or hybrid vehicles.



Transport targets

EPA's transport targets for 2021-22 were carried over from 2018-19.

EPA's transport target for 2021-22 included:

- A target to increase vehicle fleet fuel efficiency, expressed as emissions generated per kilometre travelled, against a 2013-14 baseline.
- A target to increase the percentage of employees using sustainable modes of transport to travel to work or working from home, against a 2013-14 baseline of 74%.

Table 29 shows EPA's performance against these two targets. The increase in fuel efficiency of the vehicle fleet has been met due to the increase in number of hybrid vehicles, while the increase in sustainable transport is the same as 2018-19 due to reusing the same travel survey. EPA is reviewing its targets for future reporting periods.

Table 29
Current performance against Sustainability Plan targets for transport

Measure	June 2020 target	Current progress
Increase in fuel efficiency of vehicle fleet	10%	18%
Increase in use of sustainable transport for work purposes	10%	-5%

Greenhouse gas emissions

Table 30
Baseline emissions

Current reporting year	2021/22
Baseline (2009-10) emissions (t.CO2-e)	4,822

EPA continues to make progress towards reducing emissions from the 2009-10 baseline year through the implementation of its 2021-22 reduction targets, which were carried over from the 2018-19 targets.

Table 31 summarises EPA's scope 1, 2 and selected scope 3 greenhouse gas emissions for the 2021-22, 2020-21 and 2019-20 financial years. EPA voluntarily purchases carbon offsets to achieve net zero emissions each year.

EPA's total greenhouse gas emissions for 2021-22 was 2,539 tCO2-e. This represents a 16% decrease in greenhouse gas emissions from 2020-21.

Table 31
Greenhouse gas emissions

Indicator	2021-22	2020-21	2019-20
G1. Total greenhouse gas emissions associated with energy use (tCO2e)	2,109	2,494	2,471
G2. Total greenhouse gas emissions associated with vehicle fleet (tCO2e)	198	371	220
G3. Total greenhouse gas emissions associated with air travel (tCO2e)	9	1	42
G4. Total greenhouse gas emissions associated with waste disposal (tCO2e)	10	7	7
G5. Total emissions from other sources (tCO2e) ¹	214	213	470
G6. Greenhouse gas emissions offsets purchased (tCO2e)	2,700	3,200	3,300

Notes:

1. Greenhouse gas emissions from other sources include: vehicle refrigeration, building refrigeration and air conditioning, taxi use, public transport use, boat fuel, printing and publications, catering, couriers, commuting, reticulated water, back-up generators and paper use.

Greenhouse gas emissions targets

EPA's greenhouse gas emissions target for 2021-22 was carried over from 2018-19.

EPA's greenhouse gas emissions target for 2021-22 can be found on the following page. The target was an emissions reduction target set from EPA's 2009-10 emissions baseline.

Table 32, below, presents EPA's performance against its greenhouse gas emissions target showing that the target has been exceeded. EPA is currently reviewing its targets for future reporting periods.

Table 32
Current performance against Sustainability Plan targets for greenhouse gas

Measure	June 2020 target	Current progress
Reduction in greenhouse gas emissions	15%	47%

Greener procurement

EPA applies social procurement criteria to all procurements with a fixed weighting of 5% to all potential suppliers. Our goal is to purchase 100 per cent recycled paper for all our offices. We minimise our environmental impact by applying sustainability criteria to the purchase of stationery, cleaning, paper, catering, and venue hire. We use ecologically sustainable design guidelines for new buildings or office fitouts. Examples of how we have incorporated environmental procurement decisions include:

- 95 per cent of EPA's office paper was 100 per cent recycled
- 100 per cent of computer screens are LCD
- 100 per cent of printers, multi-functional devices and photocopiers, including portable printers that enable onsite printing of inspection reports, have duplex capacity and print-on-demand functionality
- All procurements more than \$30,000 include a mandatory weighted criterion for environmental management, seeking responses from suppliers that detail their environmental management practices and processes.

Procurement

EPA provides technical and authoritative advisory services to all business areas within the organisation to cover the full cycle of a commercial transaction from procurement planning through to contract execution and management.

We seek responses from environmentally responsible suppliers who follow sustainable procurement practices when testing the market.

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Appendices

Audited 2021-22 Financial Statements



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Independent Auditor's Report


To the Board of the Environment Protection Authority

Opinion	<p>I have audited the financial report of the Environment Protection Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2022 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration in the financial statements. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit 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 authority's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>
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MELBOURNE
18 October 2022


Paul Martin
as delegate for the Auditor-General of Victoria



DECLARATION IN FINANCIAL STATEMENTS

Legend

The attached financial statements have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under 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 accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and financial position of the Authority at 30 June 2022.

At the time of signing, 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 7 October 2022.


 Professor Kate Auty
 Chairperson
 Environment Protection Authority

 Melbourne
 7 October 2022


 Lee Miezis
 Chief Executive Officer
 Environment Protection Authority

 Melbourne
 7 October 2022


 Shawn Leong
 Chief Finance Officer
 Environment Protection Authority

 Melbourne
 7 October 2022

HOW THESE FINANCIAL STATEMENTS ARE STRUCTURED

The Environment Protection Authority (the Authority) has pleasure in presenting its audited, general purpose financial statements for the financial year ended 30 June 2022, which provides users with information about the Authority's stewardship of resources entrusted to it. The 2021-22 financial year has seen the Authority continue an extensive transformation program, aligned with the Authority's organisational strategy; "Our environment, Our health".

The general purpose financial statements are presented in the following structure:

Financial statements:

- [Comprehensive operating statement](#)
- [Balance sheet](#)
- [Statement of changes in equity](#)
- [Cash flow statement](#)

Notes to the financial statements:

- 1. About this report**
The basis on which the financial statements have been prepared and compliance with reporting regulations
- 2. Funding delivery of our services and transformation initiatives**
Income recognised in respect of grants and other income sources
- 3. The cost of delivering services and transformation initiatives**
Operating expenses of the Authority
- 4. Financial information by output**
Outputs and administered (non-controlled) items
- 5. Key assets available to support service delivery and transformation initiatives**
Buildings, plant and equipment, intangible assets and investments
- 6. Other assets and liabilities**
Working capital balances and other key assets and liabilities
- 7. Financing our operations**
Borrowings, cash flow information and leases
- 8. Risks, contingencies and valuation judgements**
Financial risk management, contingent assets and liabilities as well as fair value determination
- 9. Other disclosures**



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FINANCIAL STATEMENTS
COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Notes	(\$ '000) 2022	2021 Restated (i)
Income from transactions			
Grants from Departments	2.3	38,620	20,825
Municipal and Industrial Waste levy distribution (ii)	2.3	70,777	100,041
Reportable Priority Waste levy (ii)	2.1	54,813	48,046
Other income	2.2	6,721	6,932
Grants – reform output funding (iii)(iv)	2.4	-	41,706
Grants – reform asset funding (iii)(iv)	2.4	-	700
Total income from transactions		170,931	218,250
Expenses from transactions			
Employee expenses	3.1.1	(88,977)	(96,503)
Grant expenses	3.1.2	(230)	(200)
Depreciation and amortisation	5.1.1	(12,083)	(7,565)
Interest expense	7.1.2	(70)	(75)
Other operating expenses (v)	3.1.3	(62,634)	(114,289)
Total expenses from transactions		(163,994)	(218,632)
Net result from transactions		6,937	(382)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	9.7 (a)	(88)	66
Net gain/(loss) on statutory receivables	9.7 (b)	(2,402)	(1,240)
Net gain/(loss) on financial instruments	9.7 (c)	-	46
Other gains/(losses) from other economic flows	9.7 (d)	(563)	76
Total other economic flows included in net result		(3,053)	(1,052)
Net result		3,884	(1,434)
Other economic flows- other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation reserve		-	26
Comprehensive result		3,884	(1,408)

Notes:

- (i) In response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision issued in March 2021, the Authority has changed its accounting policy relating to accounting for its Software-as-a-Service (SaaS) arrangements. The adoption of this change has resulted in an expense in the Comprehensive Operating Statement in the current year and restatement of previously capitalised costs as intangible assets of \$2.1m in the comparative period. Refer Note 9.10.
- (ii) From 1 July 2021, as a result of the *Environment Protection Act 1970* being repealed and superseded by the *Environment Protection Act 2017*, the Municipal and Industrial Waste Levy replaced the Municipal and Industrial Landfill Levy, and the Reportable Priority Waste Levy replaced the Prescribed Industrial Waste Levy.
- (iii) In 2020-21, the Authority received additional Municipal and Industrial (M&I) Landfill levy distribution grants as part of the fifth year of the 'Bringing our Environment Protection Authority into the modern era' initiative. This income included funding for asset investment purposes which has been capitalised on the Authority's balance sheet.
- (iv) This income stream expired in 2020-21 in line with the 'Bringing our Environment Protection Authority into the modern era' initiative funding.
- (v) In 2020-21, the Authority recognised funding and increased its provision in relation to waste site remediation works of multiple contaminated sites. Refer Note 6.4.

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS
BALANCE SHEET
AS AT 30 JUNE 2022

	Notes	30 June 2022	30 June 2021 Restated (i)	(\$ '000) 1 July 2020 Restated (i)
Assets				
Financial assets				
Cash and deposits	7.2	56,788	45,356	8,237
Investments		-	-	41,945
Receivables (ii)	6.1	65,764	112,715	101,440
Total financial assets		122,552	158,071	151,622
Non-financial assets				
Non-financial physical assets classified as held-for-sale	9.5	194	57	-
Other non-financial assets	6.3	3,563	3,582	2,308
Property, plant and equipment	5.1	16,256	20,275	47,717
Intangible assets	5.2	44,485	50,889	17,780
Total non-financial assets		64,498	74,803	67,805
Total assets		187,050	232,874	219,427
Liabilities				
Payables	6.2	14,856	14,853	22,127
Borrowings-lease liabilities	7.1	3,066	2,382	2,154
Employee-related provisions	3.1.1	17,173	20,713	19,599
Provisions (ii)	6.4	29,286	76,141	55,354
Total liabilities		64,381	114,089	99,234
Net assets		122,669	118,785	120,193
Equity				
Accumulated surplus		115,219	111,335	112,769
Contributed capital		3,741	3,741	3,741
Physical asset revaluation surplus	9.6	3,709	3,709	3,683
Net worth		122,669	118,785	120,193

Notes:

- (i) In response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision issued in March 2021, the Authority has changed its accounting policy relating to accounting for its Software-as-a-Service (SaaS) arrangements. The adoption of this change has resulted in a restatement of previously capitalised costs as intangible assets of \$2.1m in the comparative period. The Authority has presented a third balance sheet as at the beginning of the preceding period, because the change in accounting policy has a material effect on the information in the statement. Refer Note 9.10.
- (ii) In 2020-21, the Authority recognised a receivable and an increase to its provision in relation to waste site remediation works of multiple contaminated sites. Refer Note 6.4.

The accompanying notes form part of these financial statements.



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FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Notes	Physical asset revaluation surplus	Accumulated surplus	Contributed capital	Total (\$ '000)
Balance at 30 June 2020, as previously reported		3,683	134,104	3,741	141,528
Change in accounting policy (i)	9.10	-	(21,335)	-	(21,335)
Restated balance at 1 July 2020		3,683	112,769	3,741	120,193
Asset revaluation increment	5.1.2, 9.6	26	-	-	26
Change in accounting policy (i)	9.10	-	(1,578)	-	(1,578)
Net result for FY21 year	9.10	-	144	-	144
Restated net result for FY21 year	9.10	-	(1,434)	-	(1,434)
Restated balance at 30 June 2021		3,709	111,335	3,741	118,785
Net result for Year		-	3,884	-	3,884
Balance at 30 June 2022		3,709	115,219	3,741	122,669

(i) In response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision issued in March 2021, the Authority has changed its accounting policy relating to accounting for its Software-as-a-Service (SaaS) arrangements. The adoption of this change has resulted in a restatement of accumulated surplus of \$22.9m in the comparative period. Refer Note 9.10.

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Notes	2022 (\$ '000)	2021
Cash flows from operating activities			
Receipts			
Receipts from Government		165,665	155,495
Receipts from other entities		53,448	51,732
Goods and services tax recovered from the ATO (i)		10,069	10,963
Total receipts		229,182	218,190
Payments			
Payments of grants and other transfers		(230)	(200)
Payments to suppliers and employees		(216,249)	(209,773)
Interest and other costs of finance paid		(70)	(75)
Total payments		(216,549)	(210,048)
Net cash flows from/ (used in) operating activities	7.2.1	12,633	8,142
Cash flows from investing activities			
Proceeds for financial assets		-	41,946
Purchases of non-financial assets		(778)	(12,444)
Net cash flows from/ (used in) investing activities		(778)	29,502
Cash flows from financing activities			
Repayment of leases		(423)	(525)
Net cash flows from/ (used in) financing activities		(423)	(525)
Net increase/(decrease) in cash and cash deposits		11,432	37,119
Cash and cash deposits at beginning of the financial year		45,356	8,237
Cash and cash deposits at end of the financial year	7.2	56,788	45,356

Notes:
(i) GST paid to the Australian Taxation Office (ATO) is presented on a net basis.

The accompanying notes form part of these financial statements.



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1. ABOUT THIS REPORT

The Authority is a wholly owned and controlled entity of the state of Victoria.

The *Environment Protection Act 2017* transitioned the Authority from an Administrative Office of the Department of Environment, Land, Water and Planning (the Department) to an Independent Statutory Authority, operating under a new governance structure consisting of a Governing Board as the Responsible Body. This administrative change became effective from 1 July 2018.

In April 2020, the Victorian Government announced the postponement of the *Environment Protection Act 2018* until 1 July 2021 which transformed Victoria's environment protection laws and the Authority. The postponement was for the legislative changes impacting duty holders' operations. The new Act commenced on 1 July 2021.

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.

Basis of preparation

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item.

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.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement: Fair value measurement of assets and liabilities'.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs), including interpretations issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.

In response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision issued in March 2021, the Authority has changed its accounting policy relating to accounting for its Software-as-a-Service (SaaS) arrangements. Refer Note 9.10.

The general purpose financial statements have been prepared on a going concern basis.

Impact of COVID-19 on the financial statements

The State of Victoria continued to deal with the impacts of the Coronavirus pandemic during the course of the year. The measures implemented included limitations on the operation of businesses in Victoria, including waste management contractors and the construction industry that generates commercial waste. The Authority has assessed that these restrictions are likely to have had a financial impact on its operations. The restrictions have resulted in the closure of businesses and further reductions in commercial activities, which may directly or indirectly impact on its operations.



2. FUNDING DELIVERY OF OUR SERVICES AND TRANSFORMATION INITIATIVES

Introduction

The Authority's purpose is to protect human health and the environment by reducing the harmful effects of pollution and waste.

The Authority derives the majority of its income from grants and reform funding received from the Department, Municipal and Industrial (M&I) Waste levy distributions and Reportable Priority Waste (RPW) levy.

Other income comprises earnings on investments and litter fines.

Structure

- 2.1 Summary of income that funds the delivery of our services and transformation initiatives
- 2.2 Other income
- 2.3 Grants income
- 2.4 Grants income – reform funding
- 2.5 Contributions by owners

2.1 Summary of income that funds the delivery of our services and transformation initiatives

	Notes	(\$ '000) 2022	2021
Grants from the Department	2.3	38,620	20,825
Municipal and Industrial Waste levy distribution from the Department (i)	2.3	70,777	100,041
Reportable Priority Waste levy		54,813	48,046
Other income	2.2	6,721	6,932
Grants – reform output funding	2.4	-	41,706
Grants – reform asset funding	2.4	-	700
Total income from transactions		170,931	218,250

(i) In 2020-21, the Authority recognised funding in relation to the remediation works of multiple contaminated sites.

The Authority has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, as it has been earned under arrangements that are either not enforceable and/or linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Authority has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Authority recognises any related contributions by owners, increases in liabilities, decreases in assets, and income in accordance with other Australian Accounting Standards.

All amounts of income over which the Authority does not have control are disclosed as administered income in the schedule of administered income (see Note 4.2).

The Authority has determined that landfill levies including the Reportable Priority Waste (RPW) levy are recognised as income of not-for-profit entities in accordance with AASB 1058. These amounts are recorded in the year the income was earned. Levies for which landfill operators have not yet submitted returns at the end of the financial year, are recorded as accrued income.

2. FUNDING DELIVERY OF OUR SERVICES AND TRANSFORMATION INITIATIVES

2.2 Other income

	(\$ '000)	
	2022	2021
Licence levy	432	385
Interest and holding gains from financial assets – non-public sector	280	1,127
Litter fines	3,733	3,273
Miscellaneous	1,979	1,752
Environment audit fees	297	395
Total other income	6,721	6,932

Interest income includes interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Fines and regulatory fees are recognised when an invoice is issued, which establishes the entitlement to payment.

The Authority has determined that all other income is recognised as income of not-for-profit entities in accordance with AASB 1058.

2.3 Grants income

	(\$ '000)	
	2022	2021
Grants from the Department	38,620	20,825
Municipal and Industrial Waste levy distribution from the Department (i)	70,777	100,041
Total grants income	109,397	120,866

Notes:

(i) In 2020-21, the Authority recognised funding and an increase to its provision in relation to waste site remediation work of multiple contaminated sites. Refer Note 6.4.

Grants can be received as general-purpose grants which refers to grants that are not subject to conditions regarding their use. Alternatively, they may be received as specific-purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

2.4 Grants income – reform funding

	(\$ '000)	
	2022	2021
Grants – reform output funding	-	41,706
Grants – reform asset funding	-	700
Total grants income – reform funding	-	42,406

In 2020-21, the Authority received additional grants as part of the fifth year of the 'Bringing our Environment Protection Authority into the modern era' initiative. This income included funding for asset investment purposes which has been capitalised on the Authority's balance sheet.

This income stream expired at the end of 2020-21 in line with the 'Bringing our Environment Protection Authority into the modern era' initiative funding.



3. THE COST OF DELIVERING SERVICES AND TRANSFORMATION INITIATIVES

Introduction
This section provides an account of the expenses incurred by the Authority in delivering services, transformation initiatives and outputs. In Section 2, the income that enables the delivery of our services was disclosed and in Section 3, the cost associated with provision of services is recorded.

Structure
3.1 Expenses incurred in delivery of services and transformation initiatives
3.1.1 Employee benefits
3.1.2 Grant expenses
3.1.3 Other operating expenses

In 2021-22, the Authority continued the clean-up of a number of waste stockpiles in Victoria.

3.1 Expenses incurred in delivery of services and transformation initiatives

	Notes	(\$ '000) 2022	2021
Employee expenses	3.1.1	88,977	96,503
Grant expenses	3.1.2	230	200
Other operating expenses (i)	3.1.3	62,634	114,289
Total expenses incurred in delivery of services and transformation initiatives		151,841	210,992

(i) In 2020-21 the Authority increased its provision associated with site remediation relating to multiple contaminated sites.

3.1.1 Employee benefits

3.1.1(a) Employee benefits - comprehensive operating statement

	(\$ '000) 2022	2021
Salary and wages, annual leave and long service leave	78,596	88,655
Termination benefits	2,765	-
Post-employment benefits:		
Defined contribution superannuation expense	7,512	7,719
Defined benefit superannuation expense	104	129
Total employee expenses	88,977	96,503

3. THE COST OF DELIVERING SERVICES

TRANSFORMATION INITIATIVES

3.1.1(a) Employee benefits - comprehensive operating statement (continued)

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

The amount recognised in the comprehensive operating statement in relation to members of defined contribution and defined benefit superannuation plans is the employer contributions that are paid or payable to these plans during the reporting period.

The Authority does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

3.1.1(b) Employee benefits in the balance sheet

	(\$ '000) 2022	2021
Current provisions:		
Annual leave		
Unconditional and expected to be settled within 12 months	7,480	8,565
Long service leave		
Unconditional and expected to be settled within 12 months	558	475
Unconditional and expected to be settled after 12 months	4,296	5,486
Provisions for on-costs		
Unconditional and expected to be settled within 12 months	98	74
Unconditional and expected to be settled after 12 months	757	849
Total current provisions for employee benefits	13,189	15,449
Non-current provisions:		
Conditional long service leave	3,387	4,559
On-costs	597	705
Total non-current provisions for employee benefits	3,984	5,264
Total provisions for employee benefits	17,173	20,713

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 and recorded as an expense during the period the services are delivered.

Reconciliation of movement in on-cost provisions

	(\$ '000) 2022
Opening balance as at 1 July 2021	1,628
Additional provisions recognised	1,285
Reduction resulting from re-measurement or settlement without cost	(1,473)
Unwind of discount and effect of changes in the discount rate	12
Closing balance as at 30 June 2022	1,452
Current	855
Non-current	597



3. THE COST OF DELIVERING SERVICES

TRANSFORMATION INITIATIVES

3.1.1(b) Employee benefits in the balance sheet (continued)

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are recognised in the provision for employee benefits as 'current liabilities', because the Authority does not have an unconditional right to defer settlement of these liabilities.

The liability for salaries and wages is recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Authority expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Unconditional long service leave is disclosed 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 these liabilities are measured at:

- undiscounted value — if the Authority expects to wholly settle within 12 months; or
- present value — if the Authority does not expect to wholly settle within 12 months.

Conditional long service leave is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current long service liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current Long Service Leave liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in the bond interest rates for which it is recognised as an other economic flow in the net result.

3. THE COST OF DELIVERING SERVICES

TRANSFORMATION INITIATIVES

3.1.1(c) Superannuation contributions - comprehensive operating statement

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 name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Authority are as follows:

	Paid contribution for the year		(\$ '000) Contribution outstanding at year-end	
	2022	2021	2022	2021
Defined benefit plans (i):				
Emergency Services and State Superannuation Fund (ESS)	104	129	-	-
Total defined benefit plans	104	129	-	-
Defined contribution plans:				
Aware Super	4,431	3,930	-	-
Other	3,080	3,789	-	-
Total defined contribution plans	7,511	7,719	-	-
Total	7,615	7,848	-	-

Notes:

(i) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

3.1.2 Grant expenses

	(\$ '000)	
	2022	2021
Grants to external organisations	230	200
Total grant expenses	230	200

Transactions in which the Authority provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'grant expenses'. Grants can either be operating or capital in nature.

Grants were paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grant expenses are recognised as an expense in the reporting period in which they are paid or payable.



3. THE COST OF DELIVERING SERVICES. TRANSFORMATION INITIATIVES
3.1.3 Other operating expenses

	(\$ '000)	
	2022	2021
Consultants and contracted services (i)	17,025	11,946
Agency costs	4,416	9,951
Shared services management fee	1,816	1,997
Occupancy and utilities	805	1,198
Supplies and services	26,019	26,465
Waste site remediation works (ii)	12,243	62,310
Operating lease rental expenses:		
Lease payments	310	422
Total other operating expenses	62,634	114,289

Notes:

- (i) In response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision issued in March 2021, the Authority has changed its accounting policy relating to accounting for its Software-as-a-Service (SaaS) arrangements. The adoption of this change has resulted in an expense in the current year and restatement of previously capitalised costs as intangible assets of \$2.1m in the comparative period. Refer Note 9.10.
- (ii) In 2020-21, the Authority recognised funding and increased its provision in relation to waste site remediation works of multiple contaminated sites. Refer Note 6.4.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations which are recognised as an expense in the reporting period in which they are incurred.

The following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months.
- Low-value leases – leases with the underlying asset’s fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

4. FINANCIAL INFORMATION BY OUTPUT

Introduction

The Authority's sole output as defined in the Victorian Government's *Budget Paper 3*, is Statutory Activities and Environment Protection.

Structure

4.1 Authority (controlled) outputs
4.2 Administered (non-controlled) items

Fines and regulatory fees: The Authority collects litter fines and RPW levies on its own behalf, but all other fines and regulatory fees are collected on behalf of the state.

Distinction between controlled and administered items

The distinction between controlled and administered items is based on whether the Authority has the ability to deploy the resources in question for its own benefit (controlled outputs) or whether it does so on behalf of the State (administered items). The Authority remains accountable for transactions involving administered items, but it does not recognise these items in its financial statements.

4.1 Authority (controlled) outputs

All financial activities associated with this output are reported in the comprehensive operating statement of the financial statements.

4.2 Administered (non-controlled) items

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 license fees, registration fees, infringements.

Administered assets include M&I Waste levy income earned but yet to be collected. Administered liabilities include M&I Waste levy expenses incurred but yet to be paid. The controlled Authority's financial statements and these administered items are consolidated into the financial statements of the state.

In respect to M&I Waste levy, the Authority does not control the income and acts as an agent for the Department that recognises the income. Refer Note 9.3.

The Authority recognises amounts collected and payable to the Department as assets and liabilities determined on an accrual basis.



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4. FINANCIAL INFORMATION BY OUTPUT

4.2 Administered (non-controlled) items (continued)

	(\$ '000)	
	2022	2021
Administered income from transactions		
Regulatory fees	17,622	16,218
Miscellaneous	850	206
Fines	1,349	839
User charges	507	306
Total administered income from transactions	20,328	17,569
Payments into the consolidated fund	(18,772)	(19,461)
Total administered expenses from transactions	(18,772)	(19,461)
Administered net result from transactions (net operating balance) for the year	1,556	(1,892)
Administered other economic flows included in administered net result		
Net gain/(loss) on receivables	(15)	(159)
Total administered other economic flows included in administered net result	(15)	(159)
Total administered comprehensive result for the year	1,541	(2,051)
Administered financial assets		
Cash and deposits	10,300	30,500
Receivables	121,242	47,669
Accrued income	105,280	61,474
Total administered financial assets	236,822	139,643
Total administered assets	236,822	139,643
Administered liabilities		
Creditors and accruals (i)	233,887	138,256
Unearned income	22	14
Total administered liabilities	233,909	138,270
Total administered net assets	2,913	1,373

Notes:

(i) M&I Waste levies owing to the Department.

5. KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY AND TRANSFORMATION INITIATIVES

Introduction

The Authority controls assets and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Authority to be utilised for service delivery.

Structure

5.1 Property, plant and equipment: carrying amount
5.1.1 Depreciation and amortisation
5.1.2 Reconciliation of movements in carrying values of property, plant and equipment
5.2 Intangible assets

Significant judgement: fair value measurements of non-financial physical assets

The determination of fair values of non-financial physical assets requires significant judgement to be applied (including methodologies and assumptions).

Changes in assumptions could have a material impact on the fair values of the assets being valued.

5.1 Property, plant and equipment: carrying amount (i)

	(\$ '000)	
	2022	2021
Buildings leasehold improvements		
At fair value – external valuation (ii)	14,110	14,110
Less: accumulated depreciation	(11,845)	(11,287)
At fair value	16,449	16,401
Less: accumulated depreciation	(12,318)	(11,010)
Total buildings leasehold improvements	6,396	8,214
Plant and equipment		
At fair value (iii)	21,268	21,380
Less: accumulated depreciation	(15,646)	(14,488)
Total plant and equipment	5,622	6,892
Work-in-progress		
At cost (iv)	1,368	2,848
Total work-in-progress	1,368	2,848
Right of use - motor vehicles		
At fair value	3,637	3,488
Less: accumulated depreciation	(767)	(1,167)
Total right of use - motor vehicles	2,870	2,321
Net carrying amount of property, plant and equipment	16,256	20,275

Notes:

- (i) AASB 16 *Leases* has been applied for any new contracts entered into on or after 1 July 2019, the Authority considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.
- (ii) During 2020-21 an independent valuation of the Authority's building leasehold assets at Macleod was performed by Napier & Blakeley, in accordance with instructions from the Valuer-General Victoria, to determine the fair value of building leasehold improvements. These assets were classified as Level 3 in the fair value hierarchy defined in AASB 13 *Fair value measurement*. The valuation assumptions included envisaging reconstruction to a modern equivalent standard and temporary protection of adjoining buildings where appropriate. Any revaluation increment arising on the revaluation of an asset was credited to the appropriate class of the asset revaluation surplus. On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.
- (iii) The Authority measures items of plant and equipment at cost on initial recognition as an asset. During the financial year, the Authority reviewed the fair value of plant and equipment, and it was determined that the fair value was not materially different to the current replacement cost. Therefore, the current replacement cost has been considered as fair value for plant and equipment as at 30 June 2022.
- (iv) Work-in-progress relates to assets which are not yet completed or ready for use. These assets will be capitalised and commence depreciation upon commissioning.



5. KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY AND TRANSFORMATION INITIATIVES

5.1 Property, plant and equipment: carrying amount (continued)

Initial recognition: Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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 shorter.

Subsequent measurement: Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

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

Refer to Note 8.3 for additional information on fair value determination of property, plant and equipment.

Impairment of property, plant and equipment: The recoverable amount of primarily non-cash generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair value measurement*, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

5.1.1 Depreciation and amortisation

All buildings, plant and equipment and other non-financial physical assets that have a finite 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.

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

Asset class	Useful life
Buildings leasehold improvements	4 - 25 years
Plant and equipment	1 - 20 years
Intangible assets	3 - 10 years
Right of use - motor vehicles	0 - 3 years

5. KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY AND TRANSFORMATION INITIATIVES

5.1.1 Depreciation and amortisation (continued)

Where items of plant and equipment have significant and 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.

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.

In the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be written off and the asset replaced (unless a specific decision to the contrary has been made).

Charge for the period

	(\$ '000)	
	2022	2021
Building leasehold improvements	1,866	2,553
Right of use asset - motor vehicles	558	573
Plant and equipment	1,614	1,736
Software (i)(ii)	8,045	2,703
Total depreciation and amortisation	12,083	7,565

Notes:

- (i) The total reflects the full year impact of the capitalisation of the Authority's customer relationship platform added in FY21 (Refer Note 5.2).
- (ii) In response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision issued in March 2021, the Authority has changed its accounting policy relating to accounting for its Software-as-a-Service (SaaS) arrangements. The adoption of this change has resulted in restatement of amortisation of \$0.5m in the comparative period. Refer Note 9.10.



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5. KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY AND TRANSFORMATION INITIATIVES

5.1.2 Reconciliation of movements in carrying values of property, plant and equipment (\$ '000)

	Buildings leasehold improvements at valuation and fair value	Plant and equipment at fair value	Motor vehicles (ROU) at fair value	Work-in-progress	Total
2022					
Opening balance	8,214	6,892	2,321	2,848	20,275
Additions	48	984	1,893	761	3,686
Disposals	-	(640)	(592)	-	(1,232)
Transfer to:					
Non-financial assets held for sale	-	-	(194)	-	(194)
Plant and equipment	-	-	-	(600)	(600)
Intangible assets	-	-	-	(1,641)	(1,641)
Depreciation	(1,866)	(1,614)	(558)	-	(4,038)
Closing balance	6,396	5,622	2,870	1,368	16,256
2021					
Previously reported opening balance	9,476	5,935	2,142	48,053	65,606
Change in accounting policy (i)				(17,889)	(17,889)
Restated opening balance	9,476	5,935	2,142	30,164	47,717
Additions (i)	1,265	2,744	963	989	5,961
Disposals	-	(51)	(154)	-	(205)
Adjustment to asset revaluation reserve	26	-	-	-	26
Transfer to:					
Non-financial assets held for sale	-	-	(57)	-	(57)
Building lease improvements	-	-	-	(1,929)	(1,929)
Plant and equipment	-	-	-	(1,879)	(1,879)
Intangible assets (i)	-	-	-	(24,497)	(24,497)
Depreciation	(2,553)	(1,736)	(573)	-	(4,862)
Closing balance	8,214	6,892	2,321	2,848	20,275

5.2 Intangible assets

	(\$ '000)	
	2022	2021
Gross carrying amount at cost		
Previously reported opening balance		43,625
Change in accounting policy (i)		(3,446)
Restated opening balance	75,991	40,179
Previously reported transfer from work-in-progress	-	26,567
Change in accounting policy (i)	-	(2,070)
Restated transfer from work-in-progress(ii)	1,641	24,497
Additions to software (ii)	-	11,315
Closing balance	77,632	75,991
Accumulated amortisation		
Opening balance	(25,102)	(22,399)
Change in accounting policy (i)	-	492
Amortisation expense (iii)	(8,045)	(3,195)
Closing balance	(33,147)	(25,102)
Net book value at the end of the financial year	44,485	50,889

Notes:

5. KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY AND TRANSFORMATION INITIATIVES

- (i) In response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision issued in March 2021, the Authority has changed its accounting policy relating to accounting for its Software-as-a-Service (SaaS) arrangements. The adoption of this change has resulted in a restatement of previously capitalised costs as intangible assets in the comparative period. Refer Note 9.10
- (ii) During the comparative period, the Authority completed its extensive digital transformation program. The majority of these projects came available for use during the course of the comparative period and are recognised as intangible assets above.
- (iii) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the comprehensive operating statement.

5.2 Intangible assets (continued)

Initial recognition

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 3 to 10 years for both current and prior years.

For software intangibles, when the recognition criteria in AASB 138 *Intangible assets* are met (this criteria includes the asset having a significant future economic benefit which is reliably measured and represents development costs), internally generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment.

The Authority determines whether configuration or customisation costs in a cloud computing arrangement can be recognised as an intangible asset and if not, over what time period the expenditure is expensed. The determination is made based on the nature and output of the configuration and customisation. Refer Note 9.10.

Subsequent measurement

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.

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.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

Significant intangible assets

The Authority's has replaced its Customer Relationship Management System (CRM). The new system was implemented in July 2021, in line with the commencement of the *Environment Protection Amendment Act 2018*. This new platform was part of an extensive digital transformation program undertaken by the Authority over the last three years.



6. OTHER ASSETS AND LIABILITIES

Introduction

This section sets out those assets and liabilities that arose from the Authority's operations.

Structure

- 6.1 Receivables
- 6.2 Payables
- 6.2.1 Maturity analysis of contractual payables
- 6.3 Other non-financial assets
- 6.4 Other provisions
- 6.4.1 Reconciliation of movement in other provisions

6.1 Receivables

	(\$ '000)	
	2022	2021
Contractual		
Trade debtors	191	245
Statutory		
Amounts owing from the Public Account (i)	-	21,951
Fines and regulatory fees	19,882	9,954
Allowance for impairment losses of statutory receivables	(2,954)	(2,601)
Amounts owing from the Department (ii)	32,322	66,639
Accrued income - Environment Protection Fund (iii)	13,909	15,071
GST input tax credit recoverable	2,414	1,456
Total receivables	65,764	112,715
<i>Represented by:</i>		
Current receivables	65,764	112,715
Non-current receivables	-	-

Notes:

- (i) The amounts recognised from Victorian Government represent funding for all commitments incurred through the Environment Protection Fund and are drawn from the Public Account as the commitments fall due.
- (ii) In 2021-22, the Authority drew down previously recognised Government's funding commitments for the remediation works to multiple contaminated sites. Refer Note 6.4.
- (iii) Accrued income comprises estimated RPW levies which remained unpaid at 30 June 2022.

Contractual receivables are classified as financial instruments and as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The Authority holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts; however, they are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. The Authority applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivable are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

6. OTHER ASSETS AND LIABILITIES

6.2 Payables

	(\$ '000)	
	2022	2021
Current payables		
Accounts payable	2,997	2,788
Accruals	10,718	10,100
Salaries and other employee entitlements	1,141	1,965
Total current payables	14,856	14,853

Payables include contractual amounts. Accounts payable represent liabilities for goods and services provided to the Authority prior to the end of the financial year that are unpaid.

6.2.1 Maturity analysis of contractual payables

				(\$ '000)			
				<i>Maturity dates</i>			
	<i>Carrying amounts</i>	<i>Nominal amount</i>	<i>Less than 1 month</i>	<i>1-3 months</i>	<i>3 months - 1 year</i>	<i>1-5 years</i>	<i>5+ years</i>
2022							
Accounts payable	2,997	2,997	2,891	29	77	-	-
Accruals	10,718	10,718	10,718	-	-	-	-
Salaries and other employee entitlements	1,141	1,141	1,141	-	-	-	-
Total	14,856	14,856	14,750	29	77	-	-
2021							
Accounts payable	2,788	2,788	2,690	71	27	-	-
Accruals	10,100	10,100	10,100	-	-	-	-
Salaries and other employee entitlements	1,965	1,965	1,965	-	-	-	-
Total	14,853	14,853	14,755	71	27	-	-

Maturity analysis is presented using the contractual undiscounted cash flows.

The carrying amounts disclosed exclude statutory amounts (for example, GST payables). The Authority intends to settle the above financial liabilities in line with its contractual obligations.

6.3 Other non-financial assets

	(\$ '000)	
	2022	2021
Prepayments	3,563	3,582
Total current other non-financial assets	3,563	3,582

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 financial accounting period.



6. OTHER ASSETS AND LIABILITIES

6.4 Other provisions

	(\$ '000)	
	2022	2021
Current provisions		
Waste site rehabilitation works (i)	27,971	72,376
Total current provisions	27,971	72,376
Non-current provisions		
Waste site rehabilitation (i)	-	2,300
Site restoration of leasehold improvement (ii)	1,315	1,465
Total non-current provisions	1,315	3,765
Total provisions	29,286	76,141

Notes:

- (i) The Authority holds a provision to remediate particular contaminated sites. The provision is reviewed annually following assessment of the costs to complete remediation work.
- (ii) The amounts disclosed are undiscounted amounts.

Other 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 the reporting date, 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 a discount rate that reflects the time value of money and risks specific to the provision.

Waste site rehabilitation works

During 2020-21, the Authority exercised its powers under the *Environment Protection Act 1970* to take over management of a site at Lemon Springs for environmental remediation works. The Authority engaged principal contractors and commenced remediation works during the second half of 2020-21.

As part of the recognition of the provision, a receivable is also recognised as per AASB 137 paragraph 53 as a cost reimbursement. The reimbursement is virtually certain as the Department of Environment, Land, Water and Planning has allocated partial funding for the rehabilitation works. Refer to note 8.1 for additional disclosure regarding this site rehabilitation and note 6.1 for the receivable which is included within the "Amounts owing from the Department (ii)".

6. OTHER ASSETS AND LIABILITIES

6.4 Other provisions (continued)

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 a non-cancellable operating lease agreement. The estimate will vary if the Authority exercises its option for a further term. The unexpired term of the lease is two years.

6.4.1 Reconciliation of movements in other provisions

	(\$ '000)			
	Waste site rehabilitation works	Site remediation and disposal of chemical stockpile	Site restoration of leasehold improvement	Total
2022				
Opening balance	74,676	-	1,465	76,141
Additional provisions recognised (i)	10,000	-	-	10,000
Reduction arising from payments	(56,123)	-	-	(56,128)
Reduction resulting in re-measurement	(582)	-	(150)	(732)
Closing balance	27,971	-	1,315	29,286
2021				
Opening balance	53,074	887	1,393	55,354
Additional provisions recognised	54,598	-	-	54,598
Reduction arising from payments	(32,996)	(887)	-	(33,883)
Unwind of discount and effect of changes in the discount rate	-	-	72	72
Closing balance	74,676	-	1,465	76,141

(i) The Authority revised its provision on previously recognised contaminated sites.



7. FINANCING OUR OPERATIONS

7. FINANCING OUR OPERATIONS

Introduction	Structure
This section provides information on the sources of finance utilised by the Authority during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Authority.	7.1 Borrowings
	7.1.1 Maturity analysis of borrowings
	7.1.2 Interest expense
	7.2 Cash flow information and balances
	7.2.1 Reconciliation of net result to cash flow from operating activities
	7.3 Trust account balances
This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 8.2 and 8.3 provide additional, specific financial instrument disclosures.	7.4 Leases
	7.4.1 Motor vehicle leases
	7.4.2 Right of use assets
	7.5 Commitments for expenditure
	7.5.1 Total commitments payable

7.1 Borrowings

	(\$ '000)	
	2022	2021
Current borrowings		
Lease liabilities (i)	1,044	1,334
Total current borrowings	1,044	1,334
Non-current borrowings		
Lease liabilities (i)	2,022	1,048
Total non-current borrowings	2,022	1,048
Total borrowings	3,066	2,382

Notes:

(i) Secured by the assets leased. Leases are effectively secured as the rights of the leased assets revert to the lessor in the event of a default.

Borrowings refer to interest-bearing liabilities relating to leases and are classified as financial instruments. The measurement basis depends on whether the Authority has categorised its interest-bearing liabilities as either 'financial liabilities designated at fair value through net result', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest-bearing liabilities. The Authority determines the classification of its interest-bearing liabilities at initial recognition.

7.1.1 Maturity analysis of borrowings

	(\$ '000)						
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	5+ years
2022							
Lease liabilities	3,066	3,160	343	137	617	2,063	-
Total	3,066	3,160	343	137	617	2,063	-
2021							
Lease liabilities	2,382	2,448	665	168	540	1,075	-
Total	2,382	2,448	665	168	540	1,075	-

7. FINANCING OUR OPERATIONS

7.1 Borrowings (continued)

7.1.2 Interest expense

	(\$ '000)	
	2022	2021
Interest on leases	70	75
Total interest expense	70	75

Interest expense is recognised in the period in which it is incurred. Costs incurred in connection with the borrowing of funds include interest component of lease repayments.

7.2 Cash flow information and balances

Cash and deposits recognised on the balance sheet 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 readily convertible to known amounts of cash with an insignificant risk of changes in value.

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 income is generally paid into the state's bank account, known as the Public Account.

Similarly, any Authority expenditure, for the payment of goods and services to its trade creditors, is 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.

The Treasurer approved the establishment of the Central Banking System (CBS) in October 2018. The Standing Directions 2018 require the Authority to hold deposits in the CBS.

As at 30 June 2022, Deposits held with CBS had a floating interest rate of 1%.

	(\$ '000)	
	2022	2021
Cash on hand	-	11
Deposits held with Central Banking System	56,788	45,345
Balance as per cash flow statement	56,788	45,356



7. FINANCING OUR OPERATIONS

7.2.1 Reconciliation of net result to cash flow from operating activities

	(\$ '000)	
	2022	2021
Net result for the year	3,884	(1,434)
Non-cash movements:		
(Gain)/loss on sale or disposal of non-current assets	88	(66)
Depreciation and amortisation of non-current assets	12,083	7,565
Gain/(loss) on statutory receivables	2,402	1,240
Asset revaluation increment	-	26
Movements in assets and liabilities:		
(Increase)/decrease in receivables	44,549	(12,540)
(Increase)/decrease in other non-financial assets	19	(1,274)
(Increase)/decrease in payables	3	(7,276)
Increase/(decrease) in provisions	(50,395)	21,901
Net cash flows from operating activities	12,633	(8,142)

(i) In response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision issued in March 2021, the Authority has changed its accounting policy relating to accounting for its Software-as-a-Service (SaaS) arrangements. The adoption of this change has resulted in restatement of depreciation and net result in the comparative period. Refer Note 9.10.

7.3 Trust account balances

The *Environment Protection Act 2017* introduced increased and differential levies on the disposal of RPW to landfill to reflect the level of hazard posed by the different categories of RPW. The Authority utilises the funds for its operational purposes.

7.4 Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. EPA recognises a right of use asset and a lease liability at the lease commencement date.

Lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

7.4.1 Motor vehicle leases

EPA leased motor vehicles. The lease contracts are typically made for fixed periods of 0-3 years.

These right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

7. FINANCING OUR OPERATIONS

7.4.1 Motor vehicle leases (continued)

Minimum 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 leases are recognised as an expense in the period in which they are incurred.

	Notes	(\$ '000)			
		Minimum future lease payments (i)		Present value of minimum future lease payments	
		2022	2021	2022	2021
Lease liabilities payable					
Not longer than one year		1,097	1,373	1,044	1,334
Longer than one year and not longer than five years		2,063	1,075	2,022	1,048
Minimum future lease payments		3,160	2,448	3,066	2,382
Less: future finance charges		(94)	(66)	-	-
Present value of minimum lease payments		3,066	2,382	3,066	2,382
Included in the financial statements as:					
Current borrowings lease liabilities	7.1			1,044	1,334
Non-current borrowings lease liabilities	7.1			2,022	1,048
Total borrowings lease liabilities				3,066	2,382

Notes:

(ii) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

7.4.2 Right of use Assets

Right of use assets are presented in note 5.1.



7. FINANCING OUR OPERATIONS

7.5 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recognised below at their nominal value and inclusive of GST.

Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

7.5.1 Total commitments payable

The following commitments have not been recognised as liabilities in the financial statements:

	(\$'000)			
	Less than year	1-5 years	5+ years	Total
2022				
Capital expenditure	875	130	25	1,030
Operating	8,854	26,645	-	35,499
Total Commitment (inclusive of GST)	9,729	26,775	25	36,529
Less GST recoverable	884	2,434	2	3,320
Total commitments (exclusive GST)	8,845	24,341	23	33,209
2021				
Capital Expenditure	1,296	748	-	2,044
Operating	3,901	9,804	-	13,705
Total commitment (inclusive of GST)	5,197	10,552	-	15,749
Less GST recoverable	472	959	-	1,431
Total commitments (exclusive GST)	4,725	9,593	-	14,318

8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

The Authority is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Authority related mainly to fair value determination.

Structure

- 8.1 Contingent assets and contingent liabilities
- 8.2 Financial instruments
 - 8.2.1 Financial risk management categorisation
 - 8.2.2 Net holding gain/loss on financial instruments by category
 - 8.2.3 Financial risk management objectives and policies
- 8.3 Fair value determination

8.1 Contingent assets and contingent liabilities

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

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. These are classified as either quantifiable, where potential economic benefit is known, or non-quantifiable.

There were no contingent assets for the Authority at 30 June 2022 (2021: Nil).

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

The Authority has the following non-quantifiable contingent liabilities:

- 1) At 30 June 2022, the Authority has a number of civil litigation matters, for which the Authority may be liable for legal costs if unsuccessful. Due to the diversity of issues associated with these matters and the opportunity for new evidence to be adduced during the court process, it is not possible to reliably quantify the financial effect of litigation and it is therefore impractical to do so.
- 2) The Authority has recognised a liability for works related to multiple contaminated sites (Note 6.4). 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, if any, cannot be reliably estimated and it is therefore impractical to do so.



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8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

8.2 Financial instruments

Introduction

The Authority is exposed to a number of financial risks including credit risk, liquidity risk, market risk (interest rate risk, foreign currency risk and equity price risk).

As a whole, the Authority's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Authority's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial instruments: presentation*.

The Authority classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms in accordance with AASB 9.

Categories of financial assets under AASB 9

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Authority to collect the contractual cash flow; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Authority recognises the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables).

Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. The Authority recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

• 8.2 Financial instruments (continued)

Derecognition of financial assets: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Authority retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Authority has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.



8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

8.2.1 Financial risk management categorisation

The carrying amounts of the Authority's contractual financial assets and financial liabilities by category are in the table below.

			(\$ '000)
			2022
	Category	Note	
Contractual financial assets			
Cash and cash deposits	Cash and cash deposits	7.2	56,788
Receivables	Contractual financial assets at amortised cost	6.1	191
Total contractual financial assets (i)			56,979
Contractual financial liabilities			
Payables	Financial liabilities at amortised cost	6.2	14,856
Lease liabilities	Financial liabilities at amortised cost	7.1	3,066
Total contractual financial liabilities (ii)			17,922

			(\$ '000)
			2021
	Category	Note	
Contractual financial assets			
Cash and cash deposits	Cash and cash deposits	7.2	45,356
Receivables	Contractual financial assets at amortised cost	6.1	245
Total contractual financial assets (i)			45,601
Contractual financial liabilities			
Payables	Financial liabilities at amortised cost	6.2	14,853
Lease liabilities	Financial liabilities at amortised cost	7.1	2,382
Total contractual financial liabilities (ii)			17,235

Notes:

(i) The total amount of financial assets disclosed here excludes statutory receivables (that is, amounts owing from Victorian Government and GST input tax credit recoverable).

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (that is, taxes payable).

8.2.2 Net holding gain/loss on financial instruments by category

				(\$'000)
		Net holding gain/(loss)	Total interest income/(expense)	Total
2022				
Financial assets designated at fair value through net result		-	-	-
Total contractual financial assets		-	-	-
2021				
Financial assets designated at fair value through net result		46	937	983
Total contractual financial assets		46	937	983

The net holding gains or losses disclosed above are determined as follows:

- Financial assets and liabilities that are designated at fair value through net result, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

8.2.3 Financial risk management objectives and policies

As a whole, the Authority's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

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, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 8.3 to the financial statements.

Credit risk

The Authority's exposure to credit risk arises from the potential default of counterparties 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.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Authority will not be able to collect a receivable.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Credit quality of financial assets

					(\$'000)
					2022
	Financial institution (double-A credit rating)	Government agencies (double-A credit rating)	Other agency (min. triple-B credit rating)	Total	
Financial assets					
Cash and cash deposits	56,788	-	-	56,788	
Receivables:					
Contractual	-	191	-	191	
Statutory (net of impairment)	-	34,736	30,837	65,573	
Total financial assets	56,788	34,927	30,837	122,552	
2021					
Financial assets					
Cash and cash deposits	45,356	-	-	45,356	
Receivables:					
Contractual	-	245	-	245	
Statutory (net of impairment)	-	90,047	22,423	112,470	
Total financial assets	45,356	90,292	22,423	158,071	

Statutory receivables at amortised cost

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to fines and regulatory fees. Refer Note 8.3.



8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

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’s 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.

8.2.3 Financial risk management objectives and policies (continued)

The Authority’s maximum exposure to liquidity risk is equivalent to the carrying amounts of financial liabilities. For disclosure of the contractual maturity analysis for the Authority’s financial liabilities refer to Note 6.2.1.

Market risk

The Authority’s exposures to market risk are primarily through interest rate and equity risks with insignificant exposure to foreign currency. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Equity risk

The Authority has no exposure to equity price risk as it has withdrawn its investment in the Victorian Funds Management Corporation’s Capital Stable Fund.

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.

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.

8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

8.2.3 Financial risk management objectives and policies (continued)

Interest rate exposure of contractual financial instruments

	Weighted average interest rate %	Carrying amount	(\$'000)		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2022					
Financial assets					
Cash and cash deposits	1.00%	56,788	-	56,788	-
Receivables:					
Trade debtors		191	-	-	191
Total financial assets		56,979	-	56,788	191
Financial liabilities					
Payables		14,856	-	-	14,856
Lease liabilities	3.10%	3,066	3,066	-	-
Total financial liabilities		17,922	3,066	-	14,856
2021					
Financial assets					
Cash and cash deposits	0.40%	45,356	-	45,356	-
Receivables:					
Trade debtors		245	-	-	245
Total financial assets		45,601	-	45,356	245
Financial liabilities					
Payables		14,853	-	-	14,853
Lease liabilities	3.10%	2,382	2,382	-	-
Total financial liabilities		17,235	2,382	-	14,853



8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

8.2.3 Financial risk management objectives and policies (continued)

Sensitivity disclosure analysis and assumptions

Considering 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 0.75 basis points up and down (2021: 0.25 basis points up and down) in market interest rates (AUD) from year-end rates of 0.75 per cent (2021: 0.25 per cent).

Interest rate risk sensitivity

	Carrying amount	(\$'000) Interest rate risk			
		-75 basis points Net result	Equity	+75 basis points Net result	Equity
2022					
Contractual financial assets:					
Cash and cash deposits (i)	56,788	(426)	(426)	426	426
Receivables	191	-	-	-	-
Contractual financial liabilities:					
Payables	14,856	-	-	-	-
Lease liabilities	3,066	-	-	-	-
Total impact	74,901	(426)	(426)	426	426
		- 25 basis points		+ 25 basis points	
2021					
Contractual financial assets:					
Cash and cash deposits (i)	45,356	(113)	(113)	113	113
Receivables	245	-	-	-	-
Contractual financial liabilities:					
Payables	14,853	-	-	-	-
Lease liabilities	2,382	-	-	-	-
Total impact	62,836	(113)	(113)	113	113

Notes:

(i) Sensitivities to these movements are calculated as follows:

- 2022: \$56.788m x -0.0075= -\$426,000 and \$56.788m x +0.0075=\$426,000
- 2021: \$45.356m x -0.0025= -\$113,000 and \$45.346m x +0.0025=\$113,000

8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

8.3 Fair value determination

Significant judgement: Fair value measurement of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values for financial reporting purposes. Changes to assumptions could have a material impact on the results and financial position of the Authority.

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

The Authority determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — valuation techniques for which the lowest level input that is significant to fair value measurement is directly or indirectly observable.
- Level 3 — valuation techniques for which the lowest level input that is significant to fair value measurement is unobservable.

For the purpose of fair value disclosures, the Authority has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Authority determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest input that is significant to the fair value measurement as a whole) at the end of the reporting period.

How this section is structured

For those assets and liabilities for which fair value determination is determined, the following disclosures are provided;

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value;
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end; and
 - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments and non-financial physical assets.



8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

8.3 Fair value determination (continued)

Fair value determination: property, plant and equipment

	Carrying Amount	(\$'000) Fair value measurement at the end of the reporting period using:		
		Level 1	Level 2	Level 3
2022				
Building leasehold improvements	6,396	-	-	6,396
Plant and equipment	5,622	-	-	5,622
Leased motor vehicles	2,870	-	-	2,870
2021				
Building leasehold improvements	8,214	-	-	8,214
Plant and equipment	6,892	-	-	6,892
Leased motor vehicles	2,321	-	-	2,321

Building leasehold improvements

Buildings are valued using current replacement cost method and therefore considered to be Level 3 in the fair value hierarchy. An updated valuation of buildings at the MacLeod site was undertaken at 30 June 2021 by independent valuers. The valuation of buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Depreciation rates are reflective of expected lives.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using current replacement cost method and therefore classified as Level 3 in the fair value hierarchy.

There were no changes in valuation techniques throughout the period 30 June 2022. For all assets measured at fair value, the current use is considered the highest and best use.

Leased motor vehicles

Leased motor vehicles are valued using current replacement cost method and therefore classified as Level 3 in the fair value hierarchy. The Authority acquires new vehicles and at times disposes of them before the end of their economic life. Depreciation rates set are reflective of expected utilisation of the vehicle.

8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

8.3 Fair value determination (continued)

Reconciliation of Level 3 fair value movements

	(\$'000)		
	Buildings leasehold improvements	Plant and equipment	Leased motor vehicles
2022			
Opening Balance	8,214	6,892	2,321
Purchases	48	984	1,893
Disposals	-	(640)	(592)
Depreciation	(1,866)	(1,614)	(558)
Transfer assets sold not reported	-	-	-
Transfer assets held for sale	-	-	(194)
Closing balance	6,396	5,622	2,870
2021			
Opening Balance	9,476	5,935	2,141
Purchases	1,265	2,744	964
Disposals	-	(51)	(154)
Impairment loss charged to net result	26	-	-
Depreciation	(2,553)	(1,736)	(573)
Transfer assets held for sale	-	-	(57)
Closing balance	8,214	6,892	2,321

Description of significant unobservable inputs to Level 3 valuations

2021 and 2022	Valuation technique	Significant unobservable inputs
Buildings leasehold improvements	Current replacement cost	Building costs Useful life of buildings
Plant and equipment	Current replacement cost	Cost per unit Useful life of plant and equipment
Leased motor vehicles	Current replacement cost	Cost per unit Useful life of vehicles

Significant unobservable inputs have remained unchanged.

Fair value determination: financial assets and liabilities

The net fair value of cash, cash deposits and non-interest bearing monetary financial assets and financial liabilities of the Authority approximates their carrying amounts.



8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

8.3 Fair value determination (continued)

Fair value determination: financial assets and liabilities (continued)

The fair value and net fair value of financial instruments assets and liabilities is determined as follows:

- Level 1 — the fair value of financial instruments with standard terms and conditions and traded in active liquid markets is determined with reference to quoted market prices.
- Level 2 — the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly.
- Level 3 — the fair value in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Authority considers the carrying amount of financial assets and liabilities recorded in the financial statements to be a fair approximation of their fair value, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

Off-balance sheet

The Authority has accepted financial assurances (bank guarantees) that it may draw down on if required. These have a monetary face value which approximates their carrying value. The value of these financial assurances is \$462.4 million (2021: \$367.3 million).

The Authority has potential financial liabilities which may arise from certain contingencies disclosed in Note 8.1.

9. OTHER DISCLOSURES

9. OTHER DISCLOSURES

Introduction

This section includes additional material disclosures required by accounting standards, for the understanding of this financial report.

Structure

9.1	Responsible Persons
9.2	Remuneration of executives
9.3	Related parties
9.4	Remuneration of auditors
9.5	Non-financial assets classified as held-for-sale
9.6	Reserves
9.7	Other economic flows included in net result
9.8	Subsequent events
9.9	Ex gratia expenses
9.10	Changes in accounting policy
9.11	Australian Accounting Standards issued that are not yet effective
9.12	Glossary of technical terms

9.1 Responsible Persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer 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 Minister, Responsible Body and Accountable Officer in the Authority are as follows:

Minister for Energy, Environment and Climate Change:	The Hon. Lily D’Ambrosio MP (1 July 2021 to 30 June 2022)
Responsible Body:	Governing Board comprised: Professor Kate Auty – Chairperson: (1 July 2021 to 30 June 2022) Mr Greg Tweedly – Deputy Chairperson (1 July 2021 to 30 June 2022) Ms Monique Conheady (1 July 2021 to 30 June 2022) Mr Graeme Ford (1 July 2021 to 30 June 2022) Dr Ross Pilling (1 July 2021 to 30 June 2022) Emeritus Professor Joan Ozanne-Smith AO (1 July 2021 to 30 June 2022) Ms Kay Rundle (1 July 2021 to 30 June 2022) Ms Margaret Donnan (10 May 2022- 30 June 2022) Dr Catherine Lopes (10 May 2022 – 30 June 2022)
Accountable Officer(s):	Lee Miezis – CEO (1 July 2021 to 30 June 2022)



9. OTHER DISCLOSURES

9.1 Responsible Persons (continued)

On 1 July 2018, the *Environment Protection Act 2017* became effective and transitioned the Authority from an Administrative Office of the Department to an Independent Statutory Authority, operating under a new governance structure consisting of a Governing Board as the Responsible Body.

Remuneration

Remuneration received or receivable by the Accountable Officer's (Chief Executive Officer) in connection with the management of the Authority during the reporting period was in the range: \$450,000-\$460,000 (2021: \$410,000-\$420,000).

Total remuneration received or due and receivable by the Governing Board from the Authority was in the range of \$330,000-\$340,000 (2021: \$300,000-\$310,000). The ranges of individual Governing Board member remuneration are outlined below.

Remuneration	2022	2021
\$0 - \$9,999 (i)	2	-
\$10,000 - \$19,999	-	-
\$20,000 - \$29,999	-	3
\$30,000 - \$39,999	5	4
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	-
\$60,000 - \$69,999	-	-
\$70,000 - \$79,999	-	1
\$80,000 - \$89,999	1	-
Total number of Board Members	9	8

Notes:

(i) Two board members commenced in May 2022.

9.2 Remuneration of executives

The number of senior executive services, other than the accountable officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full-time equivalent senior executive services over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the Authority, or on behalf of the Authority, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

9. OTHER DISCLOSURES

9.2 Remuneration of executives (continued)

Remuneration	(\$ '000)	
	2022	2021
Salaries and other short-term employee benefits	3,687	4,406
Post-employment benefits	376	405
Other long-term employment benefits	74	90
Termination benefits	177	-
Total remuneration	4,314	4,901
Total number of executives (i)	17	20
Total annualised employee equivalents (ii)	16.76	19.62

Notes:

(i) During the course of the year EPA had 17 executive officers. At 30 June 2022 there are 13 executive officers in EPA.

(ii) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

9.3 Related parties

The Authority is a wholly owned and controlled entity of the state of Victoria.

Related parties of the Authority include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and estates they have significant influence over)
- all cabinet ministers and their close family members
- all departments and public sector entities that are controlled and consolidated into the whole-of-state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel of the Authority include the Portfolio Minister, members of the Governing Board, the Chief Executive Officer and members of the Executive Leadership Team.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances are set by the Parliamentary Salaries and Superannuation Act 1968 and are reported within the State's Annual Financial Report.

Remuneration	(\$ '000)	
	2022	2021
Salaries and other short-term employee benefits	2,220	2,421
Post-employment benefits	186	198
Other long-term employment benefits	40	43
Total	2,446	2,662

Transactions with key management personnel and other related parties

Given the breadth and depth of Victorian Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public, for example, stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Purchasing Board requirements.

Outside of normal citizen type transactions with the Authority, there were no related party transactions that involved key management personnel and their close family members that have been considered material for disclosure. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.



9. OTHER DISCLOSURES

9.3 Related parties (continued)

In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that the Authority's financial position and net result may have been affected by the existence of related parties, and by transactions and outstanding balances, including commitments, with such parties.

Significant transactions with government-related parties

During the year, the Authority had the following Victorian government-related entity transactions in respect of its controlled outputs:

	(\$ '000)	
	2022	2021
Receipts		
Amounts recognised as income in the comprehensive operating statement. Grants from the Department of Environment, Land, Water and Planning and reform funding for the operations of the Authority	106,860	154,727
	106,860	154,727
Payments		
Specific purpose grants paid to Victorian Government entities	37	85
	37	85

The Authority administers or manages other activities on behalf of the state (Note 4.2). During the year, the Authority had the following administered transactions with government-related entities: \$394.7 million (2021: \$250.9 million) collected and passed onto the Department from M&I Landfill levy. In addition, the Authority made payments of \$18.7million (2021: \$19.4 million) into the consolidated fund for other administered (non-controlled) items.

9.4 Remuneration of auditors

	(\$ '000)	
	2022	2021
Victorian Auditor-General's Office		
Audit of the financial statements	78	60
Total remuneration of auditors	78	60

9.5 Non-financial assets classified as held-for-sale

	(\$ '000)	
	2022	2021
Leased vehicles held-for-sale (i) – opening balance	57	-
Assets identified for disposal during the year	194	57
Asset disposals	(57)	-
Total non-financial assets classified as held-for-sale	194	57

Notes:

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

Non-financial assets classified as held-for-sale are measured at the lower of the 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.

9. OTHER DISCLOSURES

9.6 Reserves

	(\$ '000)	
	2022	2021
Physical asset revaluation surplus (i)		
Balance at beginning of financial year	3,709	3,683
Revaluation increment/ (decrement)	-	26
Balance at end of financial year	3,709	3,709

Notes:

(i) The physical assets revaluation surplus arises on the revaluation of building leasehold improvements.

9.7 Other economic flows included in net result

	(\$ '000)	
	2022	2021
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property, plant and equipment	(88)	66
Total net gain/(loss) on non-financial assets	(88)	66
(b) Net gain/(loss) on statutory receivables		
Impairment of statutory receivables	(2,402)	(1,240)
Total net gain/(loss) on statutory receivables	(2,402)	(1,240)
(c) Net gain/(loss) on financial instruments		
Net gain/loss on financial instruments	-	46
Total net gain/(loss) on financial instruments	-	46
(d) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability (i)	(713)	148
Unwinding of provisions	150	(72)
Total other gains/(losses) from other economic flows	(563)	76

Notes:

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

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions.

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

Non-current physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions issued by the Assistant Treasurer. A full revaluation normally occurs every five years 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.

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 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.



9. OTHER DISCLOSURES

9.7 Other economic flows included in net result (continued)

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 derecognition of the relevant asset.

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.

Other gains/(losses) from other economic flows

Includes the gains or losses from the revaluation of present value of the long service leave liability due to changes in the bond interest rates.

9.8 Subsequent events

The finding of additional waste requiring specialised treatment and disposal at a waste site rehabilitation works has resulted in an adjusting event after reporting date of \$10m in provisions. There have been no further subsequent events that occurred after 30 June 2022.

9.9 Ex gratia expenses

The Authority wrote-off a number of litter fines during the course of the year in accordance with its Litter Fine Write-off Policy. The total amount of write-offs for the year was \$2.01 million (2021: \$1.95 million).

9. OTHER DISCLOSURES

9.10 Changes in accounting policies

Changes in accounting policy

In response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision issued in March 2021, the Authority has changed its accounting policy relating to accounting for its Software-as-a-Service (SaaS) arrangements as below.

The Authority determines whether configuration or customisation costs in a cloud computing arrangement can be recognised as an intangible asset and if not, over what time period the expenditure is expensed. The determination is made based on the nature and output of the configuration and customisation.

An intangible asset is recognised if future economic benefits are expected, and costs of the customisation and configuration are reliably measurable when such customisation and configuration results in:

- (a) the Authority obtaining control of additional IP code; or
- (b) significant modifications to the existing legacy systems that enhance/add to the existing capability of such systems.

The Authority's accounting policy had previously been to capitalise costs related to the configuration and customisation of SaaS arrangements as intangible assets in the Balance Sheet. The adoption of the above change has resulted in an expense in the Comprehensive operating statement in the current year and restatement of previously capitalised costs in the comparative period.

When customisation and configuration services are rendered by the SaaS vendor, management makes a judgment as to whether the services provided are distinct from the software access service, or not, taking into account the significance of such modifications. If the services are distinct, then the related costs are expensed as and when the services are provided. If the services are determined not to be distinct from the software access, then the costs are expensed over the period of the arrangement when the access is provided.

The following tables summarise the impacts on the Authority's financial statements.

	Impact on the operating statement			(\$ '000)
	For the period ended 30 June 2021 as previously presented	SaaS Restatement	For the period ended 30 June 2021 (restated)	For the period ended 30 June 2022
Depreciation and amortisation (i)	(8,057)	492	(7,565)	(12,083)
Other operating expenses	(112,219)	(2,070)	(114,289)	(62,634)
Others	120,420	-	120,420	78,601
Net result	144	(1,578)	(1,434)	3,884
Comprehensive result	170	(1,578)	(1,408)	3,884

(i) In response to the International Financial Reporting Interpretations Committee (IFRIC) agenda decision issued in March 2021, the Authority has changed its accounting policy relating to accounting for its Software-as-a-Service (SaaS) arrangements. The adoption of this change has resulted in restatement of amortisation of \$0.5m in the comparative period. The majority of the previously capitalised costs were held in work-in-progress at the beginning of the comparative period. Refer Note 9.10.



9. OTHER DISCLOSURES

9.10 Changes in accounting policies (continued)

Impact on the balance sheet (\$ '000)

	As at 30 June 2021 (as previously reported)	SaaS Restatement	As at 30 June 2021(restated)	As at 30 June 2022
Intangible assets	73,802	(22,913)	50,889	44,485
Others	181,985	-	181,985	142,565
Total assets	255,787	(22,913)	232,874	187,050
Total liabilities	114,089	-	114,089	64,381
Net assets	141,698	(22,913)	118,785	122,669
Accumulated surplus	134,248	(22,913)	111,335	115,219
Others	7,450	-	7,450	7,450
Net worth	141,698	(22,913)	118,785	122,669

9. OTHER DISCLOSURES

9.11 Australian Accounting Standards issued that are not yet effective

Certain new and revised Australian Accounting Standards have been published that are not mandatory for the 30 June 2022 reporting period. EPA assesses the impact of these new standards and advises the Authority of their applicability and early adoption where applicable.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Authority's financial statements
AASB 17 <i>Insurance Contracts</i>	The operative date of this standard has been deferred by AASB 2020-5 <i>Amendments to Australian Accounting Standards – Insurance Contracts</i> to reporting periods beginning on or after 1 January 2023 and will supersede AASB 4 <i>Insurance Contracts</i> . AASB 17 seeks to eliminate inconsistencies and weakness in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard also provides requirements for presentation and disclosure to enhance comparability between entities.	1 January 2023	The assessment has indicated that there will be no significant impact for the Authority.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2023.	The standard is not expected to have a significant impact on the Authority.
	AASB 2020-6 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i> was issued in August 2020 and defers the effective date to annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022, with earlier application permitted.		



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9. OTHER DISCLOSURES

9.11 Australian Accounting Standards issued that are not yet effective (continued)

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2021-22 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.*
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.*
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.*
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.*

9. OTHER DISCLOSURES

9.12 Glossary of technical terms

The following is a summary of the major technical terms used in this report:

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.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transactions'.

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.

Financial statements

A complete set of financial statements comprises:

- (a) a comprehensive operating statement for the period
- (b) a balance sheet as at the end of the period
- (c) a statement of changes in equity for the period
- (d) a statement of cash flow for the period
- (e) notes, comprising a summary of significant accounting policies and other explanatory information



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9. OTHER DISCLOSURES

9.12 Glossary of technical terms (continued)

(f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of financial statements*

(g) a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statement, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101

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 include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of lease 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.

Leases

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, 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.

9. OTHER DISCLOSURES

9.12 Glossary of technical terms (continued)

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It may include land, buildings infrastructure, plant and equipment and intangible 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. These include 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, trade creditors, grants and interest payable.

Receivables

Includes amounts owing from short- and long-term trade credit, accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income 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 and work done as an agent for private enterprises. User charges include income from the sale of goods and services income.

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 (for example, 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.

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