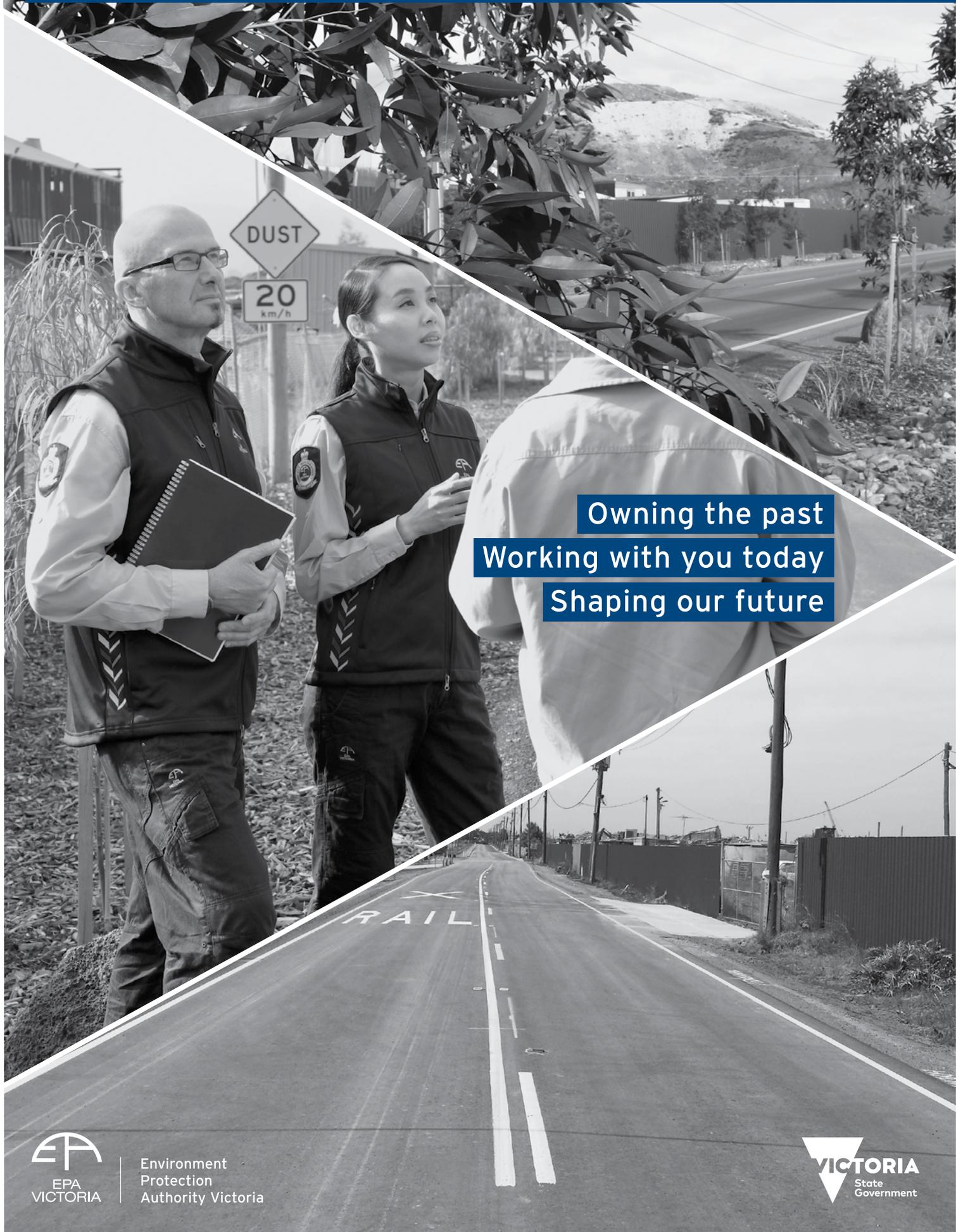
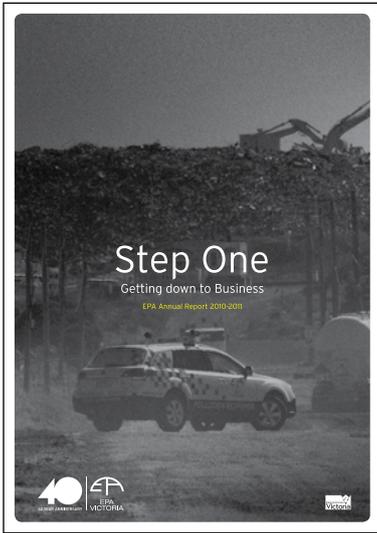


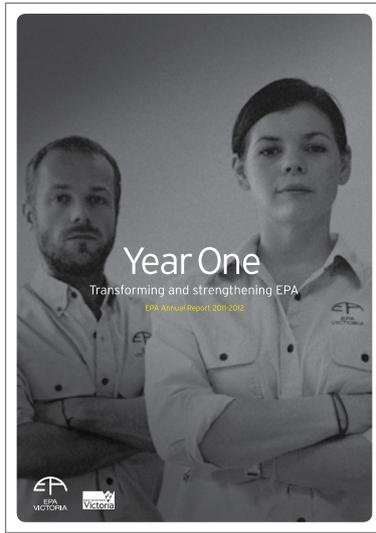
Environment Protection Authority Victoria 2015-2016 Annual Report



Owning the past
Working with you today
Shaping our future



Step One (2010-2011)
 Getting down to Business
 EPA Victoria Pollution Response
 vehicle at landfill site

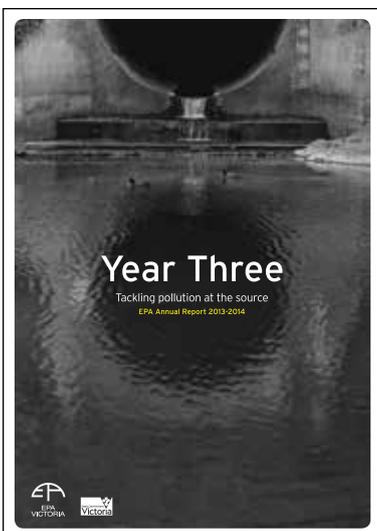


Year One (2011-2012)
 Transforming and strengthening EPA
 EPA Victoria authorised officers

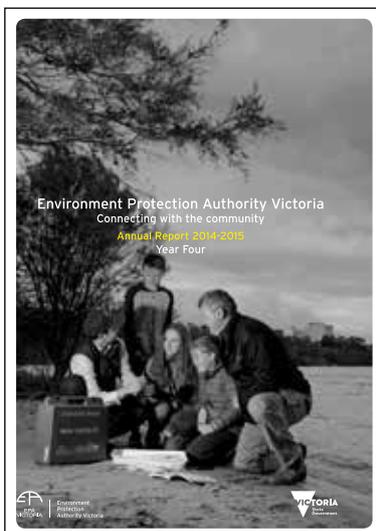


Year Two (2012-2013)
 Change-ready and facing the challenges
 EPA Victoria authorised officer badge

The images on the front cover of our annual reports illustrate EPA Victoria's journey to becoming a modern regulator. This year's cover focuses on the Brooklyn Industrial Precinct, an area where dust and odour from local industry has affected the community for many years. Recent road sealing works and other local initiatives, including tree planting, have significantly improved air quality, demonstrating the value of EPA working with community, industry, local government and others.



Year Three (2013-2014)
 Tackling pollution at the source
 Urban stormwater



Year Four (2014-2015)
 Connecting with the community



Bunting Road in Brooklyn. Before and after recent road sealing works.

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1. DECLARATION

In accordance with the *Financial Management Act 1994*, we are pleased to present Environment Protection Authority Victoria's (EPA) Annual Report for the year ending 30 June 2016.



Cheryl Batagol
Chairman
Environment Protection Authority Victoria
Responsible body

Melbourne
1 September 2016



Nial Finegan
Chief Executive Officer
Environment Protection Authority Victoria
Accountable Officer

Melbourne
1 September 2016

2. ABOUT EPA VICTORIA AND THIS ANNUAL REPORT

Our vision

A healthy environment that supports a liveable and prosperous Victoria. Our vision supports the achievement of the following environmental outcomes:

- clean air
- healthy water
- safe land
- minimal disturbance from noise and odour.

Our role

We are an effective environmental regulator and an influential authority on environmental impacts.

Our role in government

Environment Protection Authority Victoria (EPA) is an independent authority created under the *Environment Protection Act 1970* (EP Act) and an administrative office of the Department of Environment, Land, Water and Planning under the *Public Administration Act 2004*.

Our guiding principles

The following principles guide our work and outline what Victorians can expect from EPA:

- accountable
- transparent
- effective
- inclusive
- authoritative
- consistent
- targeted
- proportionate.

More information about EPA's guiding principles is available in our *5 Year Plan* (EPA publication 1403).

Definitions

Commonly-used scientific and technical terms used in this Annual Report are defined on page 41.

EPA publications

All publications referred to in this Annual Report can be accessed at epa.vic.gov.au/publications.



EPA acknowledges the Traditional Owners and custodians of the land upon which we live and work.

We pay our respects to their Elders past and present. We draw inspiration from their traditional care for the land, water and air - and join them in protecting the environment for all Victorians; today and in the future.

3. CHAIRMAN'S REPORT

In this Annual Report we look back on Environment Protection Authority Victoria's (EPA) performance in 2015-16 and the delivery of the fifth year of our *5 Year Plan*. I am pleased to see the significant progress EPA has made in modernising and reforming itself over the past five years, including improving our community engagement, technology and field capacity.

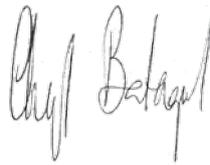
As part of these reforms we have further enhanced our scientific expertise. Science and engineering are core to EPA's work as a regulator. Our people are experts in their fields, and we have better integrated evidence-based science into EPA's regulatory decision-making. This year we launched our new research vessel, *bar-ba-ka*, further boosting EPA's marine monitoring capabilities.

EPA is working much more collaboratively with its partners to achieve better outcomes for Victorians and their environment. The continual improvement to air quality in the Brooklyn Industrial Precinct serves as a meaningful example of what can be achieved when government agencies, industry and community work together. The coming together of EPA and many stakeholders to identify and minimise sources of dust and odour has made a significant difference, enhancing the liveability of Brooklyn and surrounding areas. EPA's ongoing air monitoring has been a measure of progress in Brooklyn, and it will continue to be a catalyst for change by highlighting where further gains can be made.

EPA will, of course, continue to evolve. The report from the Victorian Government's Independent Inquiry into the EPA was handed down in March this year. We wholeheartedly welcome the report and look forward to receiving the government's response. The report makes 48 recommendations and sets out a vision for EPA as a modern, agile regulator that is distinguished by its science and engineering capability. It also acknowledges the community's respect for the work of EPA staff, who are our greatest asset. Our highly skilled people and positive culture will continue to serve Victoria well as we begin the next phase of our journey.

I would like to take this opportunity to acknowledge the Ministerial Advisory Committee who undertook the Inquiry and the team who assisted them with their important task. They took the time to thoroughly understand EPA's work and engaged with us in a transparent, respectful and open manner.

Any inquiry of this scale brings uncertainty. Despite this, our people embraced it with a sense of optimism and eagerness. The Inquiry's report overwhelmingly recognises EPA's public value and paints a very positive future for environment regulation that serves the best interests of the Victorian people.



Cheryl Batagol
Chairman
Environment Protection Authority Victoria

Melbourne
1 September 2016

4. CHIEF EXECUTIVE OFFICER'S REPORT

The establishment of Environment Protection Authority Victoria (EPA) in 1971 put Victoria at the forefront of global environmental consciousness. We were the first EPA in Australia and only the second in the world.

This year we welcomed the report from the Victorian Government's Independent Inquiry into the EPA. After 45 years of service, it was timely for EPA to be reviewed to ensure we are well equipped to meet the challenges posed by a changing environment, shifting economy and growing population.

The Inquiry's report paints a future where EPA is again at the forefront of environment regulation. We look forward to implementing the government's response and making changes to help EPA better tackle issues today, while protecting the environment for tomorrow.

In 2015-16, we delivered the fifth year of our *5 Year Plan* to improve how we regulate and work with the community to protect the environment. The journey we embarked on five years ago to modernise EPA has laid the groundwork for the changes that will flow from the Inquiry's recommendations. Our efforts are much more strategic and focused, and we direct our resources to where they have the greatest impact.

This year EPA also welcomed the reports from the Hazelwood Mine Fire Inquiry 2015-2016 and the Parliament's Inquiry into the CFA Fiskville Training College. The Hazelwood Inquiry was reopened in May 2015 with new terms of reference focused primarily on health and mine rehabilitation. As recommended by the Board of Inquiry, we have begun reviewing the accreditation criteria for environmental auditors to allow for mine rehabilitation liability assessment audits. This work will be completed by 31 December 2016.

Significantly, in March 2016, EPA laid charges against four companies after completing its comprehensive investigation into breaches of the *Environment Protection Act 1970* (EP Act) following the Hazelwood mine fire. We also continued to implement the recommendations from the 2014 Hazelwood Mine Fire Inquiry, including the development of the state's capability to monitor air quality during an incident.

EPA officers deployed new incident air monitoring equipment last November during a major fire at Ecotec Woodwaste's facility at Somerton. This was the first deployment of our enhanced capacity to support emergency services and the equipment was used in two other major fires last summer. EPA can now provide real-time air quality data during emergencies, helping to give communities confidence in the air they are breathing.

The Fiskville Inquiry report, received in May 2016, touches on EPA's role in dealing with contamination at the former CFA Fiskville Training College. Some of our past actions were clearly unacceptable. While the report acknowledges many of our practices have improved, we are committed to implementing any further changes to better meet environmental challenges and community expectations.

The launch of EPA's new marine monitoring vessel, *bar-ba-ka*, was a significant milestone. We worked closely with the Boon Wurrung community and Aboriginal cultural consultants to come up with the name *bar-ba-ka*, which

means porpoise. The name is a public statement of our respect for the original custodians of the land and waters of Victoria.

In 2015-16, EPA received over 9,000 pollution reports, ranging from isolated pollution in our rivers, to major environmental hazards. In April 2016, we responded to a significant fuel tanker spill in Inglewood. As part of informing the community about the health of their environment, our officers visited local primary schools to explain to approximately 50 kids what had happened. This important work provides a glimpse into the EPA of the future. Working with community and inspiring environmental citizenship in future generations will increasingly be part of our approach.

This year we also redesigned our emergency management framework to better clarify EPA's role in relation to other agencies. This work will lead to improved, more coordinated responses as we start to implement a new emergency response model in 2016-17.

While our preference is to support voluntary compliance with the EP Act, court action and penalty infringement notices (PINs) remain an important means of holding individuals and companies to account. In 2015-16 we completed 12 prosecutions and issued more than 15,200 PINs for littering and a range of environmental and licence condition breaches.

Air quality gains were also made in the Brooklyn Industrial Precinct, an area that continues to be affected by dust from local industry. Pleasingly, dust particle emissions more than halved during the 12-month period since works to seal the area's dustiest roads began in May 2015. While the improvement is significant, Brooklyn still has poorer air quality than many parts of Victoria. We will continue to work with the local community and industry to eliminate or minimise other pollution sources.

On a final note, I would like to take this opportunity to thank our staff for their commitment to delivering on our *5 Year Plan*. Their enthusiasm, hard work and dedication will be critical to building the EPA of tomorrow.



Nial Finegan
Chief Executive Officer

Melbourne
1 September 2016

5. PURPOSE AND FUNCTIONS

Environment Protection Authority (EPA) was established as an independent statutory authority under the *Environment Protection Act 1970* (EP Act) and began operating in 1971.

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

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

EPA is part of the Energy, Environment and Climate Change portfolio.

The responsible Ministers for the 2015-16 reporting period were:

- from 1 July 2015 to 22 May 2016, the Hon. Lisa Neville MP, Minister for Environment, Climate Change and Water
- from 23 May 2016 to 30 June 2016, the Hon. Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.

EPA works closely with portfolio partners, the Department of Environment, Land, Water and Planning (DELWP) and Sustainability Victoria (SV) to develop environment protection policy and legislation and to deliver programs that support environmental protection.

EPA also works closely with other Victorian Government departments to achieve better environmental outcomes and enable economic development. This includes the Department of Economic Development, Jobs, Transport and Resources, and the Department of Health and Human Services.

6. 2015-16 PERFORMANCE

Monitoring the environment: A snapshot of Victoria's environment

Air quality

Victoria's air quality was generally good in 2015-16, and comparable to the general air conditions of the previous five years (excluding major events such as bushfires and large-scale dust events).

EPA has started a multi-year project to transition its air quality monitoring network to a system that is better equipped to respond rapidly to emergency issues while continuing to monitor long-term trends in ambient air quality.

Changes to the National Environment Protection (Ambient Air Quality) Measure came into effect on 25 February 2016, which changed the standards for PM₁₀ particles and introduced standards for PM_{2.5}. EPA is also working with other jurisdictions to refine standards for nitrogen dioxide, sulfur dioxide and ozone.

EPA's monitoring network currently covers areas of Melbourne, Geelong and the Latrobe Valley. Airborne particles (PM₁₀ and PM_{2.5}) are two of the key air pollutants of concern for Victoria, and are important indicators of health impacts from air pollution.

Over the past year, the network recorded 18 days where PM₁₀ levels exceeded the daily standard of 50 µg/m³. These were primarily caused by local and regional dust events and bushfires. At the Brooklyn monitoring station, unsealed roads have previously been a major source of dust. The two main roads were subsequently sealed between May and October 2015, leading to a significant decrease in dust emissions.

The daily average PM_{2.5} levels exceeded the advisory daily standard of 25 µg/m³ for two days across the network and both of these exceedances were caused by smoke from domestic wood heaters. In recognition of this as an issue, Victoria has joined other jurisdictions in signing up to the National Clean Air Agreement, which includes action to address wood heater emissions as a priority.

Water quality

Inland waters

Climate has a major influence on water quality in Victoria. In 2015-16, Victoria experienced hot and dry climate conditions across much of the State. As rivers, lakes and wetlands began to dry up water quality was affected by increases in salinity and decreases in dissolved oxygen. Fish deaths in inland waters such as Lake Burrumbeet resulted, and extensive algal blooms emerged along the Murray River.

Lower rainfall and river flows also had a beneficial effect of reducing the transport of some pollutants such as sediment and toxicants; although stormwater remains to be a key pathway by which pollution enters streams during rainfall events. Stormwater is likely to have been responsible for bacterial water-contamination at most Yarra Watch sites along the Yarra River over summer.

Marine environments

Over the past three summers, Victoria experienced lower than average rainfall, and reduced inflows to coastal marine environments. As a result, impacts from stormwater discharges have been minimal, and only small contained algal blooms were observed in marine waters. No significant spills or fish kills were reported, and most Port Phillip Bay beaches met water quality objectives for swimming.

Looking more widely across Victoria's marine environments, EPA has mapped the relative vulnerability of marine systems based on factors of biodiversity, extraction (fishing), pollution and climate. To support the appropriate protection of these systems, EPA's marine scientists are analysing these marine regions across the State to set suitable water quality objectives as part of State Environment Protection Policy (SEPP) revisions that are underway. This growing understanding of marine systems is also helping EPA to prioritise pollution hotspot studies.

Groundwater

Groundwater quality varies across Victoria, primarily due to natural salinity levels. It is generally suitable for drinking and agriculture in the eastern half of the State, marginal in the Port Phillip region, and poor in the north-west and parts of the south-west. Groundwater quality can also be affected by contamination from point sources such as leaking sewage treatment ponds, landfills and underground storage tanks, or from more diffuse sources such as contaminated irrigation water or soil. Land use practices and extraction of groundwater can also disrupt groundwater levels and flows, and affect quality.

Data on groundwater quality for Victoria is only partially compiled, and existing programs focus on quantity rather than quality. There is likely to be a growing reliance on groundwater as a water source in the future. To enable this will require robust systems to protect groundwater; clean it up where polluted; understand its relationship with climate and surface waters; and provide access to information on groundwater quality. Throughout the year, EPA focused on landfill and leachate management as well as undertaking several programs related to minimising the impact of underground petrol storage systems (UPSS) in order to better protect Victoria's groundwater.

Land (and waste)

Contaminated land

The quality and condition of land are shaped by natural processes such as geology, the potential for acidification, and events such as floods and bushfires. But human activities such as industry, intensive farming and waste disposal also have significant impacts on land, particularly in population centres. Historically, land contamination has typically occurred in urban and regional centres where industrial activities operate. Now, many industries are moving to greenfield sites on the outskirts of cities, leaving behind former industrial land that has the potential for commercial or residential development. While the contamination burden from these sites can significantly restrict redevelopment potential, projected population growth and the need for urban renewal is strengthening the viability for cleanup and reuse of former industrial land in Victoria.

As part of a collective approach to long-term strategic planning, EPA forms part of the Fishermans Bend Taskforce which was established to recast and develop the area to become a vibrant and sustainable community, supporting jobs and economic growth. As a referral agency, EPA provided comments on the environmental aspects of planning applications for proposed developments as well as overseeing a groundwater quality assessment on behalf of Metropolitan Planning Authority (MPA).

6. 2015-16 PERFORMANCE CONTINUED

Waste

The volume of waste sent to municipal landfills in 2015-16 increased from the previous year, with Victorians disposing of approximately 1.3 million tonnes of municipal waste, and 1.6 million tonnes of industrial waste. All prescribed industrial wastes (PIW) are classified into one of three categories; Category A (highest hazard), Category B and Category C (lowest hazard).

Disposal of Category B waste has continued to decline this year by 37 per cent; with a marked decline from manufacturing industry sources. Disposal of Category C waste experienced a steady increase this year by approximately 13 per cent, partly due to the strong construction sector requiring management of contaminated soils. Disposal of asbestos waste, including asbestos-contaminated soils, increased by 9 per cent this year.

Efforts to reduce the volume of waste sent to landfill are resulting in a growing diversity of waste materials being earmarked for alternative uses. While there are benefits to recovering these resources, the wastes must be carefully processed and managed to avoid any adverse impacts to the environment and human health.

Odour

EPA investigates reports of odours from a range of industrial, agricultural and domestic sources and has recently focused on animal processing, intensive agriculture, landfills and composting facilities. In addition, EPA plays a role in helping to reduce the frequency and intensity of odour issues. Over the past year, there were slightly more (4.5 per cent) odour reports than in the previous year.

Odour is a key consideration in the approvals process for new and existing industries. EPA has been engaging with external stakeholders to develop guidance which informs planning decisions around landfills and major hazardous facilities.



number of noise assessments during the past year

Noise

EPA was involved in over 50 noise assessments during the past year; primarily in response to complaints about noise from commercial and industrial facilities, and music venues. EPA issued 16 pollution abatement notices (PANs) to reduce noise where levels exceeded the standards set out in the State Environment Protection Policies (SEPP).

EPA and the Department of Environment, Land, Water and Planning (DELWP) are currently reviewing the two noise State Environment Protection Policies (SEPPs), to ensure they remain effective at protecting Victorians from the impacts of excessive noise.

Pollution Reports

In 2015-16, EPA received over 9,000 pollution reports from the community. EPA also receives reports related to emergencies and pollution notifications from businesses.

Table 6.1 - Total Pollution Reports

	2016	2015 ¹	2014 ¹	2013 ¹
Pollution reports from community	9,201	9,376	10,490	10,400
Emergency report	246	342	309	305
Business notifications	1,565	1,454	1,393	1,014
Total	11,012	11,172	12,192	11,719

1. These figures have been updated since previous publications.

Table 6.2 - Total pollution by region

	Metro	South Metro	South West	Gippsland	North West	North East	Not assigned ¹	Total
Odour	1,909	1,063	335	150	239	147	176	4,019
Water	914	334	234	194	130	125	90	2,021
Noise	1,051	444	142	136	56	54	89	1,972
Waste	539	229	164	158	150	111	57	1,408
Dust	249	192	192	181	83	54	41	992
Smoke	125	52	46	66	15	24	26	354
Emergency Report	107	32	24	10	21	28	24	246
Total¹	4,894	2,346	1,137	895	694	543	503	11,012

1. 503 pollution reports were not allocated to a region as at 30 June 2016.

Delivering on EPA's strategic priorities

This Annual Report covers the final year of EPA's 2011-2016 *5 Year Plan*. The *5 Year Plan* set out EPA's strategic priorities to achieve key environmental outcomes that promote the vision of a healthy environment within Victoria. Consistent with previous years, EPA has continued to focus on delivering the three *5 Year Plan* strategic priorities, which are to:

- Deal with past pollution: reduce environmental and health impacts of historical contamination.
- Tackle current environmental issues: prevent pollution and improve efficiency of resource use.
- Shape the environmental future: avoid future impacts by anticipating and acting.

To highlight its commitment to achieving these priorities, EPA focused on achieving the following four outcomes:

1. Improve the effectiveness of EPA's regulatory activities.
2. Protect the environment for future generations.
3. Improve confidence in EPA as the environmental regulator.
4. Improve the experience people have of EPA.

Outcome one: Improve the effectiveness of EPA's regulatory activities

Focus our regulatory effort on protecting Victoria's environment and reduce environmental risks to the community by targeting our effort where we are most likely to provide the biggest benefit to Victorians and the environment.

Dealing with past pollution

Reducing risks posed by closed landfills

Closed landfills need ongoing management throughout the long aftercare period to ensure that impacts to the surrounding environment are minimised. Aftercare management includes maintenance, monitoring and assessment to ensure any unacceptable risks can be identified, and the actions necessary to reduce risks can be taken. In line with Victorian Government policy, owners of closed landfill sites are issued with post-closure pollution abatement notices (PC PANs) that require the closed landfill to be actively managed to reduce its impact on human health and the environment.

In 2015-16, 14 PC PANs were issued to closed landfill owners who have already complied with supporting pollution abatement notices (PANs). Due to an increased focus on emergency incident support, completing licence compliance inspections and the modernisation of licences, the remaining closed landfills that have complied with their supporting PANs will be issued with PC PANs in the coming year.

Ensuring cleanup of complex, high-risk contaminated land

In 2015-16, EPA continued its collaboration with industry and government stakeholders to ensure sites that have been classified as high risk are appropriately managed to allow for proper rehabilitation into productive land. This included EPA supporting the delivery of management plans to complete rehabilitation of contaminated areas at Merindah Park as well as 16 other high-risk properties throughout Victoria. EPA will continue to develop and support the rehabilitation of high-risk sites in 2016-17.

CFA Fiskville Inquiry

The report from the Victorian Parliament's Inquiry into the Country Fire Authority (CFA) Fiskville Training College, handed down in May 2016, touches on EPA's role in dealing with contamination at the former Fiskville Training College site. Announced by the Victorian Government in December 2014, the Inquiry examined practices at Fiskville from 1970 until its closure in 2015. EPA is expecting the government to respond to the final report, which details 125 findings and makes 31 recommendations, in the coming 2016-17 year. EPA has now issued statutory clean up notices to CFA for all regional training centres, including Fiskville, under section 62A of the *Environment Protection Act 1970*. The notices require CFA to develop environmental management plans, conduct environmental site assessments and report to EPA on progress and outcomes. This work is ongoing and is progressing in accordance with the timeframes set out in statutory notices. EPA is committed to implementing any further changes needed to meet environmental challenges in line with community and government expectations.

Tackling current environmental issues

Strategic issues

In 2015-16, EPA focused on implementing strategic programs to improve performance in the following focus areas:

Improving leachate management practices at Victorian landfills

While landfills are not the ideal method of handling solid waste, until we transition waste streams away from landfills, effective management is critical to reduce the risks they pose. Effective management of landfills throughout their lifespan (including rehabilitation and aftercare) can significantly reduce the risks they pose. Analysis of industry Annual Performance Statements (APS) and audit data confirmed that leachate management at Victorian landfills is integral to managing gas migration and offsite groundwater impacts, prompting a current focus on delivering improved regulatory tools to protect groundwater and reduce the impact of odour on local communities. In 2015-16, EPA completed three key components within the leachate management project, which included conducting a behavioural study to examine factors that impact landfill operators' performance, updating leachate management licence conditions and guidelines, and supporting events that inform and support industry to comply.

6. 2015-16 PERFORMANCE CONTINUED

Landfills Improvement Program

EPA initiated a Landfills Improvement Program to investigate how the siting, design, operation and rehabilitation of landfills in Victoria can be improved to meet best practice and minimise their impact on Victoria's environment. EPA engaged with relevant stakeholders to seek feedback on proposed changes in landfill regulation to improve landfill management, focusing particularly on risk management, performance reporting, licensing, and rehabilitation. In 2015-16, EPA developed a set of new landfill licence conditions in consultation with industry to better communicate how landfill compliance can be achieved to minimise risk to the environment and the Victorian public. In coming years, EPA plans to develop and deliver a corresponding monitoring and evaluation plan as the next phase of the improvement program, in order to support industry in adopting best practice management of landfills.

Prevention of land and groundwater contamination by underground petrol storage tanks

Leaks of petroleum from underground petroleum storage systems (UPSS) can have significant impacts on people, property and the environment. In response to this, EPA developed a package of interventions to promote compliance and behaviour change across a large number of sites as well as gather data to increase understanding of the problem, and to enable appropriate interventions to be developed. Extensive engagement and collaboration with external stakeholders resulted in support for the initiative within the industry.

In 2015-16, EPA distributed a self-evaluation checklist and supporting guidance material to existing service stations as well as industry-specific communications at several forums to promote voluntary compliance and third party reporting of petroleum leaks. EPA also provided skills training to staff in best practice environmental management of UPSS. Through the year, EPA carried out 10 initial trial inspections of high-risk sites across the State to ensure operators are properly managing UPSS through regular leak monitoring. In 2016-17, the project will be expanded to conduct follow-up compliance actions at high-risk sites.

Reducing metal pollution entering waterways

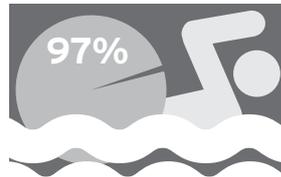
In 2015-16, EPA focused on reducing the impact of metal pollution through conducting several targeted inspections within Moorabbin and Bayswater industrial areas to investigate heavy metal, hydrocarbon and pesticide contamination within local stormwater and creeks. The inspections focused on compliance regarding bunding, chemical storage, waste disposal and stormwater management. Four pollution abatement notices were served by EPA on local businesses as a result of the inspections.

30

years monitoring
water quality in
Port Phillip Bay

Improving Port Phillip Bay water quality

EPA has been monitoring water quality in Port Phillip Bay at six sites for over 30 years. As part of this program, EPA completed a comprehensive investigation aimed at identifying sources of faecal contamination entering Kananook Creek and subsequently flowing into Port Phillip Bay at Frankston Beach in 2015-16. EPA collected several samples at numerous sites throughout the investigation, and identified one potential source of contamination. Technical advice and support has been provided by EPA to the local council to help address the issue.



beaches meeting
water quality objectives
for swimming

Data collected throughout 2015-16 identified an improvement in the Bay's beaches, with 97 per cent meeting EPA's water quality objectives for swimming. In 2016-17, EPA will focus on identifying potential sources of pathogens to mitigate their impacts on human health.

New marine monitoring vessel

In April 2016, EPA also launched its new boat, *bar-ba-ka*, to support its marine monitoring program in Port Phillip Bay, Western Port and Gippsland Lakes. This new boat will enable this 30-year program to continue to collect comprehensive water quality data and allow for better tracking of pollution sources and collaboration with catchment managers on methods of prevention. *bar-ba-ka* will also increase EPA's ability to investigate marine issues, respond to environmental emergencies, identify pollution hotspots and manage compliance investigations.



EPA's new marine monitoring boat, *bar-ba-ka*. EPA worked closely with the Boon Wurrung community and Aboriginal cultural consultants to come up with the name *bar-ba-ka*, which means porpoise. The Boon Wurrung women used to swim with the porpoise and seals at Point Nepean.



transporting hazardous waste interstate requires EPA approval

Reducing illegal transport of industrial waste interstate

Prescribed industrial waste (PIW) is specific chemical, hazardous or dangerous wastes which are regulated to ensure appropriate handling and disposal that reduces its environmental impact.

The transport of PIW without EPA's approval leads to environmental and human health risks, can undermine the viability of Victoria's waste management system and undercut operators that comply with the law. As such, it remains a key focus of EPA.

In 2015-16, EPA focused on increasing compliance with the legal requirements for transporting PIW out of Victoria through the development of complementary and targeted initiatives, including the development of updated guidelines to make compliance easier, the production of educational animation to effectively educate transporters as to their legal requirements, and partnerships with industry and co-regulators to better understand the drivers of non-compliance. In collaboration with its local and interstate co-regulators, EPA expanded its roadside operations to inspect PIW transport vehicles, and inspected high-risk PIW generation sites. As a result, EPA issued \$22,000 in fines to a Laverton-based business for allowing 900 tonnes of hazardous waste to be transported interstate without EPA's approval.

EPA has several ongoing investigations regarding illegal management of PIW and will continue to inspect PIW producers and transporters to ensure that PIW is properly managed, safely transported and tracked in accordance with PIW laws. Other focuses throughout the year included working with interstate regulators to improve national approaches to tackling illegal transport and creating incentives for duty holders to adopt best practice measures to ensure compliance. EPA will also be working closer with industry and its co-regulators to develop tools to better support compliance.



EPA staff attended the Waste Management in Action Expo in May to increase awareness of the legal requirements for managing and transporting hazardous waste.

Improving management of construction and demolition waste

The construction and demolition (C&D) industries generate over one third of all waste going to Victorian landfill with approximately 350,000 tonnes being illegally dumped in Victoria each year. As part of a strategic objective to improve management of C&D waste, EPA carried out targeted inspections at 10 top tier waste generators in 2015-16. EPA will continue inspecting, conducting surveillance and requesting documentation from five more sites identified through industry complaints.

Delivering environmental outcomes through the HazWaste Fund

The HazWaste Fund was designed to support industry to accelerate reductions in the volume and risks associated with hazardous waste (or prescribed industrial waste) generated in Victoria, and to increase remediation of contaminated soils. Approximately \$30 million was made available throughout the program.

In 2015-16, six HazWaste Fund projects were completed. The projects comprised a combination of research and development, demonstration, knowledge and capacity building projects. Remaining projects will be completed or closed by December 2016. More information about the HazWaste Fund is available on the EPA website.

Local issues

EPA is focusing on implementing strategic initiatives in response to local issues in metropolitan and regional Victoria including:

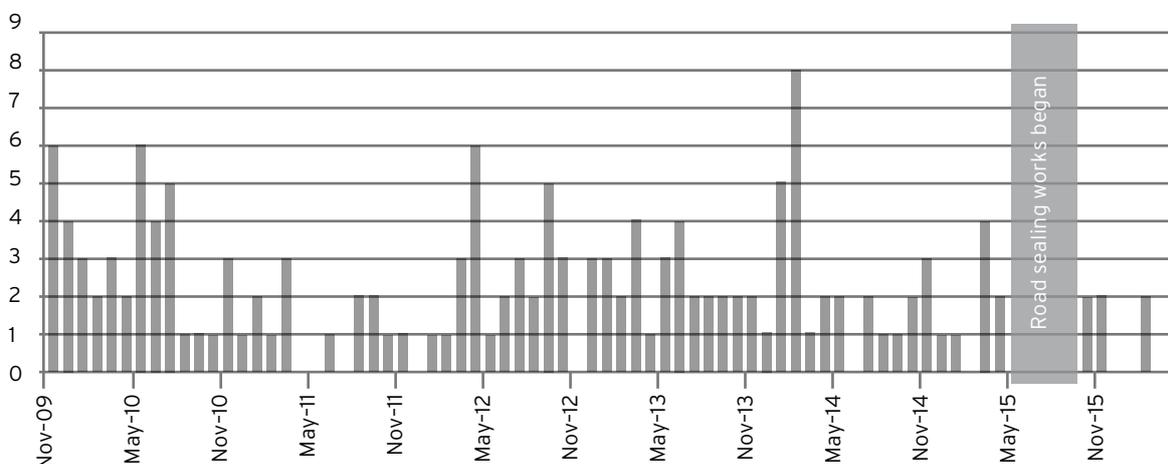
Reducing impact of dust near the Brooklyn Industrial Estate



Since 2002 EPA has been working to improve air and odour issues in Brooklyn, an area where dust from local industry has impacted the nearby community. Jones and Bunting roads were identified as major sources of dust in the local region and works to seal these roads were completed in October 2015. During the 12-month period from when road sealing works began (May 2015 to April 2016), PM₁₀ (dust and similar particulate matter) exceedances more than halved, with eight in total, compared to 19 exceedances for the same period in 2014-15. Over the full financial year, PM₁₀ exceedances reduced from 17 to 10 - one quarter of 2010 levels. This is very positive given that rainfall, which reduces dust generation, was at its lowest during the monitoring period. Data trends indicate the objective of driving PM₁₀ exceedances below five days per annum is on track for 2016-17.

6. 2015-16 PERFORMANCE CONTINUED

Figure 6.1 Number of days exceeding the PM₁₀ air quality standard in Brooklyn per month



Although at a relatively low level compared to when monitoring began in 2009, there was an increase in odour complaints in the precinct from the two previous years. This was due to several factors including issues at two sites, weather conditions aiding odour settling, and an increase in recent residential development. A number of investigations were undertaken with an odour survey being conducted and several notices issued to sites in the area relating to odour controls.

Table 6.3: Brooklyn Industrial Precinct summary statistics

Indicator	Notes	2016	2015	2014	2013	2012	2011	2010
Days where dust levels (PM ₁₀) exceeded the limit	1	10	17	29	33	20	19	40
Rainfall (mm)		367	383	459	387	611	850	n/a
Pollution reports related to odour	2	280	166	148	421	487	628	1,250

1. Results in 2009-10 reflect estimates from available data.
2. Further analysis of pollution reports related to odour has resulted in adjustments to numbers from previous years.

Regulation of pollution in the Latrobe Valley

In 2015-16, there was a focus on monitoring compliance with environmental protection laws by major industry in the Latrobe Valley. Major industry audits commenced on key high-risk sites including Australian Paper, the coal mines and power stations, and included a number of investigations into incidents. Throughout the year, sanctions were issued to major industry, which included: issuing Australian Paper with a PIN following a liquid spill from trade waste at its Maryvale Mill; issuing Energy Australia Yallourn with a PIN over a discharge of ash slurry into the Morwell River; and issuing GDF Suez with an official warning for not immediately notifying EPA about an incident at the Hazelwood Power Station. There has also been a focus on reducing dust generation in the Latrobe Valley with EPA and Earth Resources Regulation agreeing to a joint dust strategy, which will be implemented over the next two years.

Charges laid following EPA investigation into Hazelwood mine fire

In a significant response to its own comprehensive investigation, EPA laid charges in March 2016 against four companies with air pollution offences in relation to the Hazelwood mine fire. A total of 12 charges were laid (three offences per company) and it is alleged that the relevant companies, as occupiers of the mine when the fire occurred, caused pollution to the atmosphere which was potentially harmful to human health and detrimental to the environment. EPA will provide further comment in due course.

Hazelwood Mine Fire Inquiry

In 2015-16, EPA welcomed the final reports from the Hazelwood Mine Fire Inquiry, which was reopened in May 2015 with new terms of reference primarily focusing on health and mine rehabilitation. As recommended by the Board of Inquiry, EPA has commenced reviewing the accreditation criteria for environmental auditors to allow for mine rehabilitation liability assessment audits. EPA has also continued to implement the recommendations from the 2014 Hazelwood Inquiry, which includes continuing its commitment to deliver improved air monitoring strategies and ensuring appropriate regulation of major industries within the Latrobe Valley.

Tackling illegal dumping of waste

EPA's Illegal Dumping Strikeforce Program uses a multifaceted approach to reduce the large-scale dumping of industrial waste throughout Victoria. Key to the program is changing industry behaviour and improving knowledge of the legal requirements for transporting hazardous waste. In 2015-16, EPA issued 98 remedial notices to stop or clean up illegally dumped waste. EPA also served 17 penalty infringement notices for illegal dumping, which ensured that culpable receivers, transporters or dumpers of waste were held to account.

Improving education about transporting industrial waste

Industry feedback highlighted the need for educational resources that communicate EPA's legal requirements for transporting prescribed industrial waste (PIW). In response, EPA created an innovative animation to communicate these technical requirements in a clear and engaging way. In an entertaining take on popular 1980s video games, EPA's *Super PIW Bros* highlights the steps PIW transporters and producers need to take and the penalties for non-compliance. The animation is designed to be viewed on mobile devices and shared via social media. *Super PIW Bros* is available at epa.vic.gov.au/illegaldumping.

Holding vehicle litterers to account

In 2015-16, EPA received 21,871 litter reports and issued 15,141 fines. Fines for littering range from \$295 for littering with a small piece of rubbish or unlit cigarette from a vehicle, to \$590 for a lit cigarette. Victorian courts have the power to apply higher fines.

Ensuring compliance with vehicle noise and emission standards

EPA continued its collaboration with Victoria Police officers to assist in targeting noisy and smoky vehicles. In 2015-16, 3,010 notices were issued. EPA also joined Victoria Police in conducting eight roadside operations, and tested vehicles for compliance with noise regulations. As a result, 57 penalty infringement notices and 11 official warnings were issued. Drivers were also issued with notices instructing them to reduce the noise from their vehicles and have them re-tested to ensure compliance. One prosecution was conducted with EPA's decision to issue the PIN being upheld in court.



number of EPA inspections at licensed premises

Targeted compliance

EPA focused on delivering targeted compliance and enforcement activities, which included:

Improving compliance at priority sites

In 2015-16, EPA conducted 385 inspections at licensed premises, of which 311 were

licence compliance assessments of high-priority sites. This is well above the minimum target of 229 set at the beginning of the financial year. High-priority sites inspected included waste treatment sites, disposal and recycling facilities, landfills, refineries and rendering plants.

Ensuring appropriate environmental management systems at major industrial facilities

EPA's Major Industries team works with Victoria's largest and most complex industrial sites. The specialised team evaluates how sites identify, assess and manage their environmental risks by undertaking detailed audit-based assessments with a focus on the site's significant environmental risks and their associated controls. The Major Industry program was successfully launched in 2015-16 and will be ongoing in future. To date, the Major Industries team have completed assessments on 16 sites, both EPA-licensed and unlicensed, across a range of industrial sectors including several major hazard facilities.

Implementation of an earned autonomy pilot program

In February 2015, EPA launched a pilot program to test the concept of earned autonomy with existing high-performing licence holders. Completed in April 2016, the program focused on testing and exploring the concepts of scaled benefits to participants based on their environmental performance. A final report is being produced to capture lessons from the pilot so they can inform any future development of a long-term model.

Ensuring appropriate ballast water management

Discharging of ballast water into new areas has the potential to introduce plant and animal organisms that can become marine pests. Such pests can have significant impacts on the community's use of Victorian waters, lead to trade restrictions and affect other growing industries, such as aquaculture. In 2015-16, EPA inspected 319 of the approximate 3,000 non-accredited ships that visited Victoria to ensure compliance with ballast water management requirements, and sanctioned owners and captains on eight occasions.

Improve responsiveness to pollution and emergency incidents

EPA continued its commitment to improve its effectiveness in responding to pollution incidents and emergencies, focusing particularly on enhancing capabilities to better monitor air quality in an emergency. EPA's capability to monitor Victoria's air quality during statewide emergencies such as bushfires has been enhanced with the use of incident air monitoring equipment. This technology was first deployed to support the emergency response to the Ecotec Woodwaste Somerton fire in November 2015 by providing real-time air quality data. The deployment of incident air quality monitoring equipment is a direct response to a recommendation from the 2014 Hazelwood Mine Fire Inquiry and represents a significant investment to help ensure community confidence in understanding air quality.

6. 2015-16 PERFORMANCE CONTINUED



Responding to pollution incidents

In 2015-16, EPA received more than 9,000 pollution reports from the community across Victoria and assisted with many emergency incidents, including a significant tyre fire in Broadmeadows

in January. EPA monitored air quality during the fire known for 'PM_{2.5}' particles using its new incident air monitoring equipment. PM_{2.5} particles are small enough to be breathed deep into the lungs, potentially causing health impacts. Each time EPA deploys its new air monitoring capability, more is learnt about the best approach for different conditions, incident types and locations, as well as how to improve the way EPA works with other government agencies. EPA gained valuable insights from this incident that will help to continually improve responsiveness. EPA is committed to using each deployment, together with regular interaction with the emergency management sector, to build an approach that best protects human health and the environment.



Informing the community about the health of their environment is critical to EPA's approach. Pictured above is EPA North West Manager Danny Childs speaking to the media about the cleanup effort in Inglewood following a significant fuel tanker spill in April 2016.

Shaping the environmental future

Informing planning decisions about environmental risks

EPA works with key planning authorities, the community and industry to inform planning decisions about environmental risks and to prevent future environmental impacts.

In 2015-16, EPA worked with stakeholders including Department of Environment, Land, Water & Planning (DELWP), Sustainability Victoria, Metropolitan Planning Authority, Metropolitan Waste and Resource Recovery Group, Fishermans Bend Taskforce and various municipal councils to ensure environmental considerations are incorporated into medium and long-term strategic land use plans. Significant contributions have been made to the Wollert, Sunbury South and Mount Atkinson Precinct Structure plans.

EPA has also worked to embed environmental considerations into the statutory planning system by actively participating in the Local Buffer Support Program led by Metropolitan Waste and Resource Recovery Group.

Finally, EPA has continued to deliver on its commitment to Recommendation 13 of the Victorian Auditor-General's Office (VAGO) Managing Landfills Audit to develop an appropriate planning processes and tools to ensure EPA's involvement in the development adjacent to landfills. In support of this recommendation, EPA has released draft publication 1625 *Assessing planning proposals near landfills* for public consultation.

Outcome two: Protect the environment for future generations

Using our knowledge and intelligence to advise and inform strategies and standards that safeguard the environment from future impacts

Dealing with past pollution

Overseeing the decommissioning of closed industrial facilities to enable future use

In 2015-16, EPA continued its involvement with other agencies, Alcoa and the community to oversee the decommissioning and rehabilitation of the Point Henry aluminium smelter and Anglesea Power Station. Completion of this work will allow these sites to be recommissioned into productive land while ensuring protection of the environment.

Tackling current pollution

Implementing a smarter air quality monitoring program

In 2015-16, EPA focused on identifying technology for a smarter ambient air quality monitoring program to improve and expand EPA's current network. EPA undertook a detailed analysis of its existing air monitoring network, which identified several opportunities for improvements, such as the removal of unnecessary parameters at Box Hill and Brighton monitoring stations and the imminent installation of cameras at Geelong South to more rapidly identify particulate issues.

EPA has increased its capacity to respond to incidents that impact on community air quality as a part of its response to Recommendation 5 from the 2014 Hazelwood Mine Fire Inquiry. This year EPA deployed particulate monitoring to incidents in Strathdownie in the state's west and to Somerton and Broadmeadows in Melbourne's north. EPA is continuing to develop and increase this capacity in preparation for the 2016-17 fire season.

Working with the community to improve air monitoring

In June 2016, EPA began a community co-design process with residents of the Latrobe Valley to better understand what a future air monitoring program in the area might look like. Existing monitoring in the Latrobe Valley continued, with monitoring in Moe, Churchill, Morwell East, Morwell South and Traralgon.

Undertaking periodic licence reviews

In 2015-16, EPA began the process of periodically reviewing licences to ensure their currency and effectiveness when achieving their targeted environmental objectives. In 2015-16, the reviews were focused on landfills. EPA completed extensive stakeholder engagement with the landfill industry, which resulted in a finalised set of new landfill licence conditions and updated guidelines. Following the review of all the landfill licences, EPA is currently in the process of amending the licences to incorporate the new conditions and other updated information. It is anticipated that amended licences will be completed by August 2016.

Shaping the environmental future

Supporting policy and regulatory reform for environmental standards

Victorian Government e-waste ban

The Victorian Government has committed to banning e-waste from landfills. E-waste is growing three times faster than general municipal waste within Australia, thereby increasing pressure on waste management infrastructure with the potential to impact the environment. In 2015-16, EPA provided technical and regulatory advice to the Victorian Government to assist in investigating options to support the banning of e-waste in Victoria. A discussion paper was released in late 2015.

Regional waste and resource recovery implementation plans

In 2015-16, EPA began working with Sustainability Victoria and the seven regional waste and resource recovery groups to support the development of regional waste and resource recovery implementation plans. The purpose of the seven regional implementation plans is to ensure there is adequate planning for local waste and resource recovery infrastructure to meet each region's needs over the next 10 years.

Whole of government PIW strategy or policy

In 2015-16, DELWP, EPA and SV began a comprehensive review into hazardous waste policy in Victoria to inform the development of a revised government policy position for hazardous waste management. The objective is to modernise the current hazardous waste policy, regulatory and management approaches to effectively and efficiently protect human health and the environment from risks associated with hazardous waste management. EPA also released a number of guidelines and support material to help industry comply with its waste management obligations

Updated air quality standards within Victoria

On 15 December 2015, environment ministers, in their roles at the National Environment Protection Council, agreed to vary the National Environment Protection (Ambient Air Quality) Measure for particles. The Victorian Government will soon adopt these new standards (including a more protective PM₁₀ standard for Victoria) in the State Environment Protection Policy (Ambient Air Quality). Building on this work, EPA is now leading a review of national NO₂, SO₂ and ozone standards.

Reviewing the Environment Protection (Scheduled Premises and Exemptions) Regulations 2007

EPA and DELWP are progressing the review of the *Environment Protection (Scheduled Premises and Exemptions) Regulations 2007*. The review will be completed by mid-2017 when the current regulations sunset. The reform will ensure the regulations provide a flexible, proportionate, and transparent permissioning system for the construction and operation of industrial, agricultural and commercial industries, which are major emitters, consistent with EPA's risk-based approach.

Determining the impact of waste streams in compost

In 2015-16, EPA began conducting waste to land condition assessments to assist in better understanding the impact of waste streams in compost on Victorian land. Samples from a number of on-farm composting operations and commercially bagged compost were taken to identify potential high-risk contaminants. The results indicated elevated concentrations of some contaminants within both on-farm and commercially bagged compost. Further work is planned for 2016-17 to identify probable contaminant sources and waste streams that may be contributing to these elevated concentrations.

6. 2015-16 PERFORMANCE CONTINUED

Outcome three: Improve confidence in EPA as the environmental regulator

Being responsive to the community's needs and providing information to help Victorians understand their environment and standards for environment protection, to build their confidence in EPA as a transparent and independent regulator.

Dealing with past pollution

Improving information about contamination risks

In 2015-16, EPA continued its commitment to identify and better inform the community about potential contamination risks, which included:

Closed landfills

In September 2014, the Victorian Auditor-General's Office (VAGO) released a report assessing the management of municipal landfills by four councils and EPA. In 2015-16, EPA completed eight recommendations arising from the completion of this report. Some of these included forming a Landfill Rehabilitation Costs Working Group, identifying compliance and enforcement priorities for landfills, appointing a Landfill Expert Panel, and improving existing landfill guidance. In 2016-17, EPA seeks to complete the development of an updated landfill strategy and a public register of landfills. EPA will also continue implementation of risk-based licence conditions for landfills.

Fishermans Bend

In 2015-16, EPA continued its partnership with the Metropolitan Planning Authority to provide a better understanding of the environmental condition of Fishermans Bend through the completion of a precinct-scale groundwater study. The study found some areas of Fishermans Bend were not suitable for drinking without treatment or testing. It recommends that planning authorities consider the need for environmental audits for sites which are potential sources of pollution, before redevelopment starts. Further information about the results of the study is available on EPA's website.

Tackling current pollution

Improving user-friendliness of online air quality information

In January 2016, EPA launched its AirWatch interactive map to assist in providing Victorians with convenient and reliable air quality information throughout the State. The site aims to improve user-friendliness for air quality information available online to the Victorian community.

Ensuring the community is informed about the condition of their environment

In 2015-16, Victoria's air and water quality forecasts and work approval summary reports were made publically available by EPA. In 2016-17, EPA aims to focus on developing proactive marketing and communication strategies to improve reporting on compliance and enforcement activities regarding big environmental issues.

Shaping the environmental future

Supporting the Independent Inquiry into the EPA

In May 2016, EPA welcomed the report from the Victorian Government's Independent Inquiry into the EPA. The Inquiry was tasked with considering how best to protect public health and the environment for future generations and how to combine environment protection with economic viability and growing sustainable jobs in Victoria. The Inquiry examined EPA's role, powers, governance and funding, and tools to determine EPA's capability for meeting the challenges posed by a changing environment, shifting economy and growing population. The Ministerial Advisory Committee (MAC) commended EPA on its openness and willingness to engage throughout the process.

As of 30 June 2016, EPA is awaiting the government's response, which is likely to be released later in 2016-17. Further information, the report and public submissions can be viewed at epa-inquiry.vic.gov.au

Outcome four: Improve the experience people have of EPA

Improving the experience of people who interact with EPA by focusing on outcomes and timelines

Dealing with past pollution

Enabling the use of remediated sites through timely cleanup to extent practicable (CUTE) decisions

In 2015-16, EPA continued efforts to improve the efficiency and timeliness of CUTE decisions through implementing a program of environmental audit reforms within normal business activities. This builds on previous reforms EPA introduced to allow environmental auditors to undertake lower-risk CUTE assessments and decisions. This has enabled EPA to focus its attention on complex or higher-risk CUTE decisions. As a result, EPA is responding to industry more quickly, and meeting its target of 90 per cent of decisions being made in less than 56 days.

Tackling current pollution

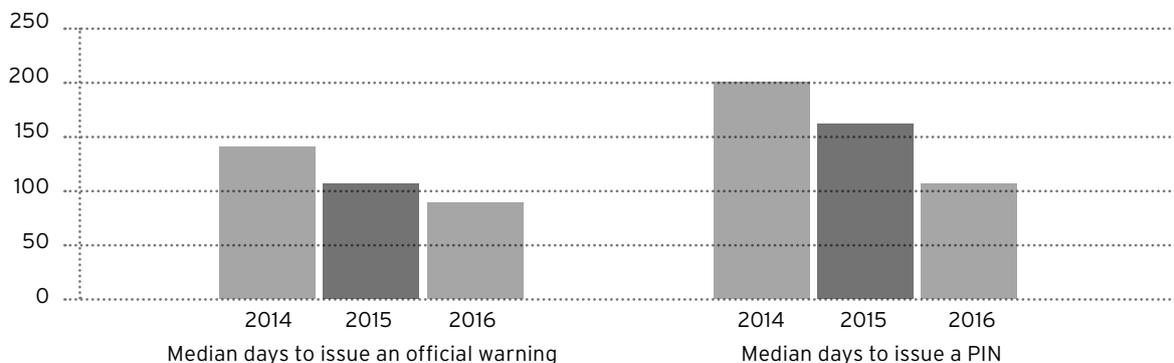
Improving licence holders' experiences

EPA, in collaboration with VicRoads, conducted five roadside operations to identify transporter compliance with Waste Transport Certificates (WTC) and vehicle permit conditions. One site-based inspection was also conducted. In total, five vehicles required compliance advice. EPA also conducts desktop assessments on WTC and in 2015-16 issued four official warnings and four show cause letters for non-compliance with prescribed industrial waste transport requirements.

Improving timeliness of compliance and enforcement actions

In 2015-16, EPA proactively put in place measures to assist in improving the timeliness and quality of compliance and enforcement actions. The purpose of these measures is to help achieve an average of 12 months from offence detected to charges issued. EPA also achieved significant improvement in the timeliness of issued penalty infringement notices (PINs) and official warnings from prior years. Figure 6.2 shows the median time to issue official warnings and PINs over the last three years.

Figure 6.2 Median days to issue official warnings and PINs from 2014-16



Improving customer service practices

In 2015-16, EPA undertook social research to better understand how it could improve its customer service to different stakeholders. Throughout the year, EPA also focused on timely responses and meeting targets for call backs.

Shaping the environmental future



EPA's Citizen Science Program helps local communities understand and monitor their own environments. In this picture, EPA's Chris McCormack shows citizen scientists how to sample macroinvertebrates in Traralgon Creek.

Engaging community in monitoring and assessment

EPA's Citizen Science Program is aimed at empowering local communities by helping them understand their environment and make informed decisions about its protection and enhancement. Building on the success of a pilot program, in 2015-16 EPA continued to develop tools to engage community groups in citizen science projects. This resulted in the design and delivery of three additional pilot projects: water monitoring of Wye River in partnership with the Waterwatch Program; collaboration with RMIT and citizen scientists to understand the impact of microplastics; and a noise diary trial in Warrnambool.

Building strong partnerships - EPA's reference groups

EPA has continued to receive valuable insights from its three reference groups: the Community Reference Group, the Water Industry Reference Group and the Business Reference Group. The reference groups meet quarterly and discuss matters related to environment protection, community engagement and the development of new environmental standards. In 2015-16, EPA focused on ensuring the reference groups were meeting the needs of their members and EPA by expanding its membership, influencing a range of policy changes and assisting with the Independent Inquiry into the EPA.

Improving the timeliness of EPA approvals and licence applications

In 2015-16, EPA improved its works approval function by implementing improvements that were identified by a reform project in 2014-15. As a result, EPA has streamlined internal processes and systems to better support pathway applications and fast track assessments.

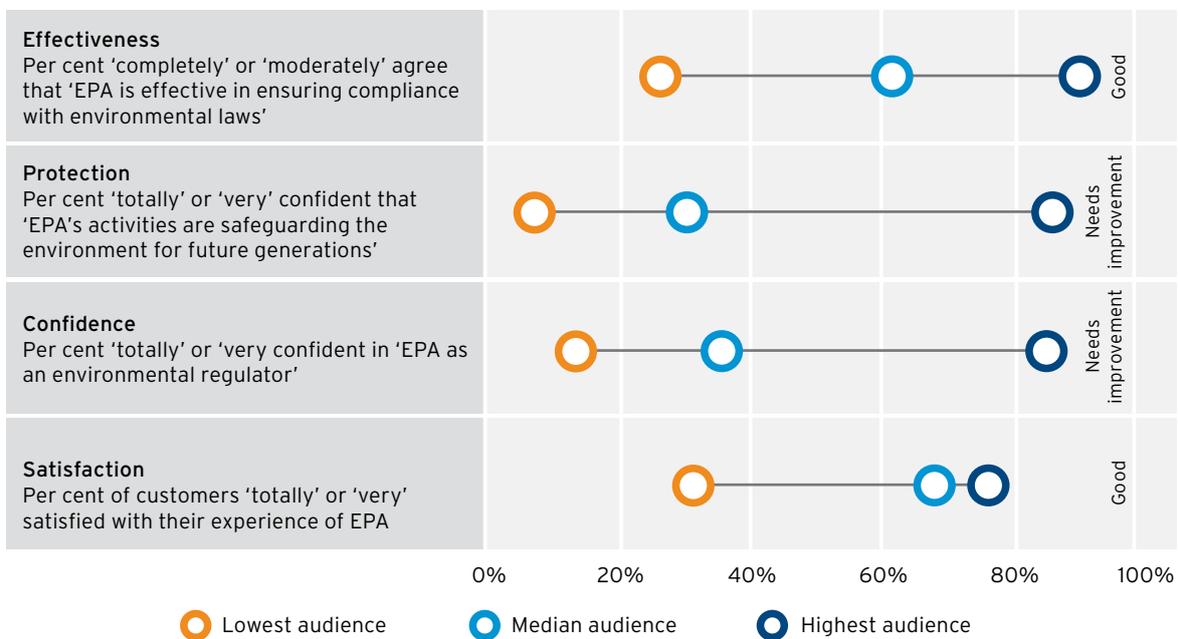
6. 2015-16 PERFORMANCE CONTINUED

Measuring success - social research outcomes

EPA undertakes social research to measure its progress towards *5 Year Plan* outcomes for industry, business, the Victorian community, NGOs and government stakeholders. The survey aims to better understand EPA's organisational performance for these groups and identifies what EPA should focus on to meet past, current and future challenges. In 2015, EPA developed four key success measures to assess the overall performance of the organisation against the four outcomes outlined in the 2015-16 Annual Plan (EPA publication 1605). The results for each success measure are shown below.

Consistent with EPA's target audience framework, EPA's social research surveyed seven target audiences including the general public, businesses, customers, community stakeholders, government stakeholders, and strategic stakeholders. Each circle represents one of 32 sub-groups within these seven audiences. Groups with small sample size ($n < 30$) are not reported. Results varied across different audiences, the chart below aims to show the range of audience responses.

Figure 6.3 Range of different audience perceptions across the four social research measures



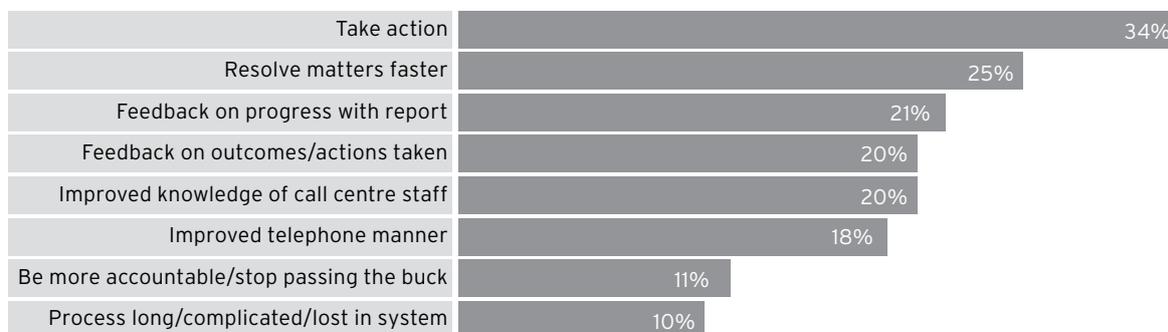
The research results identified several areas of opportunity where EPA can improve on experience, confidence and effectiveness for different stakeholders. Highlighted results also reflect the effectiveness of different initiatives undertaken as part of the *5 Year Plan*, specifically those focusing on hotspot issues and industries.

Opportunities for improvement

Pollution reporters

The results indicate pollution reporters want a better experience of EPA. Specifically, it was found that improving pollution reporters' experience and confidence with EPA can be heavily influenced through better communication of actions when responding to their reports, and through the provision of better understanding and visibility of the decision-making processes that guide EPA's response to reports. Other areas identified for improvement included providing timely updates on any action taken, improving awareness on issues that lie outside of EPA's remit, providing a better understanding of EPA's risk-based approach and simplifying the overall reporting process. Through adopting a risk-based decision model, EPA directs its resources to prioritise incidents which present a high risk to human health or the environment (for more information on EPA's triage process, please visit epa.vic.gov.au/cepolicy).

Figure 6.4 What would make dissatisfied pollution reporters feel more satisfied?



EPA will continue to develop tools to enhance the quality of information and the experience for pollution reporters. In support of this, EPA has initiated a project to improve the internal pollution reporting triage process to more effectively prioritise pollution reporting responses.

Positive results with other community-based groups reflect the success of EPA's work when holding smoky/noisy vehicles' owners and litterers to account. This work involved the recent litter program and EPA's continued collaboration with Victoria Police and VicRoads officers to assist in targeting non-complying vehicles.

Collaboration with government and NGO stakeholders

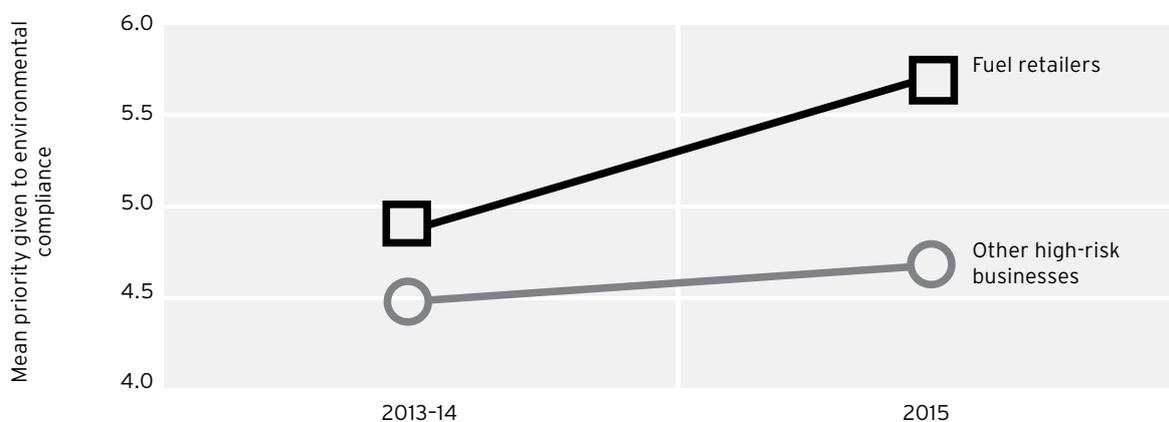
EPA works with other local, state and government agencies as well as community and industry NGOs and leaders to achieve environmental outcomes. The social research results highlight the potential for EPA to provide greater opportunities for government and NGO stakeholders to participate in decision making around policy and programs. Increased collaboration is also likely to improve the experience of pollution reporters when their matter touches on the roles and functions of both state and local government.

Highlights

Fuel retailers

Fuel retailers exhibited an overall high level of satisfaction across all four success measures (75 per cent to 94 per cent) including a 13 per cent increase in confidence in EPA's overall effectiveness, awareness and responsiveness. These results are indicative of the success of EPA's strategic program aimed at minimising the environmental impact of underground petrol tanks. Throughout the program, EPA engaged with industry stakeholders to develop updated guidance and tools to support operator self-compliance, as well as to promote leak reporting by third parties.

Figure 6.5 Increase in the priority given to environmental compliance by fuel retailers



Transparency

Eighty-five per cent of target audiences agree that EPA does its job transparently. EPA does this by reporting its compliance and enforcement activities and through public information initiatives, such as its AirWatch website and water quality reporting on the Yarra and Bay website. More information about EPA's reporting of compliance and enforcement activities is available on the EPA website.

6. 2015-16 PERFORMANCE CONTINUED

Summary of activity and output targets for each strategic outcome

The table below provides a summary of EPA's performance against key performance indicators during 2015-16.

Table 6.4: EPA's performance against key performance indicators during 2015-16.

Performance Indicator	Notes	2016 target	2016 actual
Outcome one: Improve the effectiveness of EPA's regulatory activities			
Percentage of completed planned compliance visits to priority premises		100%	125%
Percentage of completed strategic visits to non-licensed Victorian businesses	1	100%	45%
Percentage of incidents assessed as requiring immediate EPA attendance inspected		95%	95%
Percentage of incidents assessed as requiring planned EPA attendance inspected	1	90%	74%
Total inspections undertaken	1	2,500	1,903
Percentage of cleanup to extent practicable (CUTEP) decisions exempt from approval by EPA		25%	60%
EPA notices issued for illegal dumping of waste		70	98
Outcome two: Protect the environment for future generations			
Environmental conditions research reports, improvement tools, guidelines, policies, systems and plans completed and issued	2	54	45
Percentage of EPA prosecutions that are successful, and conditions in enforceable undertakings that are focused on improving environmental performance		90%	100%
Outcome three: Improve confidence in EPA as the environmental regulator			
Percentage of notices complied with by due date or escalation in line with the Compliance and Enforcement Policy	3	90%	88%
Percentage of land audits submitted by EPA-appointed auditors that are reviewed to ensure compliance with statutory requirements and guidelines		90%	99%
Outcome four: Improve the experience people have of EPA			
Percentage of cleanup to extent practicable (CUTEP) decisions made under 56 days		90%	92%
Percentage of pollution reporters requesting follow-up by EPA receiving contact within three working days		80%	83%
Percentage of works approvals and licence applications completed within required statutory timelines		96%	99%

1. EPA undertook fewer inspections and strategic visits and assessed fewer incidents than what was targeted due to a focus on responding to high-risk emergency events throughout the summer fire season.
2. EPA currently defines this measure as the 'number of publications produced in a year'. In 2015-16 there were a number of publications not delivered as planned. In some cases they were delayed due to shifting organisational priorities, in other circumstances EPA chose to publish information in more user friendly forms, for example on its website rather than in a publication, and in some cases there was a slippage in timeframes.
3. In 2015-16 EPA balanced emergency response priorities throughout summer, and a number of high-priority programs including Licence Compliance and Pollution Response throughout the year. This resulted in variation of 2% from the target, equivalent to 11 out of 528 notices due for follow up. The majority of follow up not meeting the KPI has now been completed, with the remainder planned for early 2016-17.

Summary of compliance, enforcement and assessment activities

The table below provides a statistical summary of EPA's compliance, enforcement and assessment activities during 2015-16.

Table 6.5: Compliance, enforcement and assessment activities

Activity	Notes	2016	2015	2014	2013
Industry programs					
Inspections	1	1,903	2,252	2,950	2,566
Pollution abatement notices	2	266	300	265	220
Clean up notices	2	188	233	206	125
Minor works pollution abatement notices	2	59	76	88	92
Prosecutions completed		12	6	1	9
Official warnings		122	94	36	33
Penalty infringement notices		57	64	29	28
Environmental audits completed		218	218	207	200
Works approvals issued		26	26	31	44
Application exempt from the need for approval		38	36	19	-
Planning referrals advised on		711	787	795	532
Vehicle programs					
Noisy vehicle notice	3	995	1,731	2,141	4,705
Smoky vehicle notice	4	2,015	2,334	2,167	4,464
Infringement notices		57	36	13	55
Official warnings		11	15	4	14
Litter programs					
Infringement notices		15,141	13,403	12,859	16,527

1. EPA undertook fewer inspections than the previous year. This was due to a focus on responding to high-risk emergency events throughout the summer fire season.
2. The lower quantity of remedial notices (for pollution abatement, clean up and minor works) is influenced by the number of inspections undertaken. The proportion of notices to inspections remains consistent with the previous year.
3. EPA has experienced a drop in reporting whilst testing improvements to the electronic reporting system with Victoria Police. Improvements to this system should be evident in 2016-17.
4. Number of notices issued to smoky vehicles in previous years has been updated to include heavy diesel vehicles as well as other vehicles.

6. 2015-16 PERFORMANCE CONTINUED

Performance against government performance targets

The following table shows EPA's performance against output targets set in the Victorian Government Budget Paper No.3 Service Delivery, and committed to in the Minister's Statement of Expectation 2014-16.

Table 6.6 Budget Paper No. 3 Service Delivery

Indicator	Notes	2016 target	2016 actual
Environmental condition research reports issued, improvement tools, guidelines, policies, systems and plans completed and issued	1	54	45
EPA notices issued for illegal dumping of waste	2	70	98
EPA prosecutions are successful, and conditions in enforceable undertakings are focused on improving environmental performance		90%	100%
Land audits submitted by EPA-appointed auditors are reviewed to ensure compliance with statutory requirements and guidelines		90%	99%
Notices complied with by due date or escalation in line with Compliance and Enforcement policy	3	90%	88%
Pollution reporters requesting follow up by EPA and follow-up contact is requested, the reporter receives contact within three working days		80%	83%
Works approvals and licences completed within required statutory timelines		96%	99%
Output cost	4	\$154.1m	\$74.8m

1. EPA currently defines this measure as the 'number of publications produced in a year'. In 2015-16 there were a number of publications not delivered as planned. In some cases they were delayed due to shifting organisational priorities, in other circumstances EPA chose to publish information in more user friendly forms, for example on its website rather than in a publication, and in some cases there was a slippage in timeframes.
2. EPA's focus on illegal dumping of waste continues to result in an increased number of notices being issued for illegal dumping across Victoria.
3. In 2015-16 EPA balanced emergency response priorities throughout summer, and a number of high priority programs including Licence Compliance and Pollution Response throughout the year. This resulted in variation of 2% from the target, equivalent to 11 out of 528 notices due for follow up. The majority of follow up not meeting the KPI has now been completed, with the remainder planned for early 2016-17.
4. Total output cost in 2015-16 is \$46.8 million lower than in 2014-15, mainly due to the cessation of grant payments EPA previously made to portfolio waste management agencies, following the enactment of the *Environment Protection and Sustainability Victoria Amendment Act 2014*.

Table 6.7 Minister's Statement of Expectations 2014-16

Measure	Target	2015-16 progress
Approvals reform		
Pilot new approach to providing earned autonomy to high-performing EPA licensees	Pilot launched by early 2015	Achieved
Periodic reviews of the currency and effectiveness of EPA licence conditions	Prioritisation framework and procedures developed and reviews of licences commenced by 30 June 2015	Achieved
Publication of EPA works approval summary assessment reports	Published for all works approval decisions from 31 December 2014	Achieved
Extend maximum duration of permits to transport prescribed waste or prescribed industrial waste from 12 months to five years	Efficiencies will now be achieved through other improvements to user experience.	Following assessment of the original measures, EPA decided to implement improvements through other initiatives. In 2015-16, EPA scoped out potential changes to the permitting process, which will form part of a broader improvement program to begin implementation in 2016-17.
Audit reform		
Time taken by EPA for a clean up to extent possible (CUTEP) decision following submission from an environmental auditor	90% within 56 days in 2015-16	92%
Percentage of CUTEP decisions exempt from approval by EPA (that is, decision made by the auditor)	25% in 2015-16	60%

Measure	Target	2015-16 progress																								
Harmonisation of auditor appointment process with NSW EPA (pilot project for national harmonisation)	Auditors are appointed using the same criteria and similar processes by 30 June 2015	Achieved																								
Guidance and information																										
Quality of EPA's guidance for duty holders	Establish and report on the percentages of duty holders that, in 2015-16 compared to 2013-14, regard: (a) EPA's guidance publications as accessible, sufficient and consistent; and (b) the guidance contained in EPA's remedial notices as clear and easy to understand.	(a) 2013-14: 75.2% 2015-16: 71.8% Results indicate the amount of businesses that used EPA guidance publications who moderately or completely agreed that guidance was easy to find remained stable from 2013-14. (b) 2013-14: 87.8% 2015-16: 92.0% Results indicate the amount of non-compliant businesses that were clear what action organisations needed to take to fix the problem remained stable from 2013-14.																								
Quality of information and support for the general public and for people who seek or report information on the activities of EPA and/or Victorian environmental issues, and for people reporting pollution, litter and smoky vehicles to EPA	Establish and report on the percentages of the general public, customers and community stakeholders that, in 2015-16 compared to 2013-14, regard: (a) EPA's information and support as accessible and meaningful; and (b) EPA's promotion of its compliance and enforcement activities and performance as effective.	(a) <table border="1"> <thead> <tr> <th></th> <th>2013-14</th> <th>2015-16</th> </tr> </thead> <tbody> <tr> <td>General public</td> <td>64.6%</td> <td>45.3%</td> </tr> <tr> <td>Customers</td> <td>62.9%</td> <td>64.4%</td> </tr> <tr> <td>Community stakeholders</td> <td>93.8%</td> <td>90%</td> </tr> </tbody> </table> Results indicate a decrease in satisfaction of the general public who found EPA information easily accessible. The other two target audiences were found to be stable from 2013-14. (b) <table border="1"> <thead> <tr> <th></th> <th>2013-14</th> <th>2015-16</th> </tr> </thead> <tbody> <tr> <td>General public</td> <td>77.7%</td> <td>58.9%</td> </tr> <tr> <td>Customers</td> <td>64.0%</td> <td>61.3%</td> </tr> <tr> <td>Community stakeholders</td> <td>62.6%</td> <td>55.4%</td> </tr> </tbody> </table> Results indicate a decrease in the general public who agree that EPA is effective in ensuring that individuals and businesses comply with environmental laws. The other two target audiences were found to be stable from 2013-14. Changes in perception by the general public may be explained by the threefold decrease in % from 2013-14 in those who recalled seeing EPA-related advertising or information in the media. This could imply that the general public relied on sourcing information more pro-actively rather than being provided indirectly through the media. EPA is investigating the causes for changes in perception over time as part of planning work to improve the experience people have of EPA. See the 2016-17 Annual Plan for details.		2013-14	2015-16	General public	64.6%	45.3%	Customers	62.9%	64.4%	Community stakeholders	93.8%	90%		2013-14	2015-16	General public	77.7%	58.9%	Customers	64.0%	61.3%	Community stakeholders	62.6%	55.4%
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General public	77.7%	58.9%																								
Customers	64.0%	61.3%																								
Community stakeholders	62.6%	55.4%																								
Quality of information and support for organisations with delegated powers under the Act	Establish and report on the level of support that organisations with delegated powers report receiving from EPA to deliver those delegated functions, in 2015-16 compared to 2013-14	2013-14: 26.6% 2015-16: 53.3% Results indicate that relevant stakeholders with delegated powers who moderately or completely agree that EPA provided sufficient information to exercise their role significantly improved from 2013-14.																								

7. FINANCIAL PERFORMANCE SUMMARY

Overview of financial performance

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

Prior to 1 July 2015, EPA collected and distributed Municipal and Industrial (M&I) Landfill levies, and held the Sustainability Fund account within the Environment Protection Trust Fund. Following amendments to the *Environment Protection Act 1970*, by the *Environment Protection and Sustainability Victoria Amendment Act 2014*, EPA retains responsibility for collecting M&I Landfill levy, but the responsibility for making distributions to waste agencies and for holding the Sustainability Fund, has now passed to the Department of Environment, Land, Water and Planning (The Department).

As EPA is no longer in control of the M&I levy, it can no longer recognise the funds received as revenue; as a result total income is lower. The net result for the period is lower than the net result from transactions due to movements on investments.

Table 7.1: EPA five-year financial summary (\$'000)

	Note	2016	2015	2014	2013	2012
Income from government	1	0	0	0	0	34,394
Total income from transactions		91,177	251,571	218,559	193,077	230,760
Total expenses from transactions		(74,833)	(121,284)	(132,834)	(139,064)	(135,292)
Net result from transactions	2	16,344	130,287	85,725	54,013	95,468
Net result for the period		4,894	128,270	81,905	52,994	94,751
Net cash flow from operating activities		64,070	109,997	119,297	65,619	68,737
Total assets		169,357	594,092	473,688	397,405	341,274
Total liabilities		21,327	22,035	30,213	35,835	32,698
Net assets		148,030	572,057	443,475	361,570	308,576

1. As part of the 2012-13 Budget, a decision was made to fund EPA through a greater share of the Municipal and Solid Waste Distributions as legislated in the Environment Protection (Distribution of Landfill Levy) Amendment Regulations 2012. Accordingly, no transactions have been funded out of appropriations since 1 July 2012.
2. The 'net result from transactions' is identical to the 'net operating balance' for the general government sector.

Financial and business performance review

Victoria charges a landfill levy on each tonne of waste that is disposed to Victorian landfills. Levies apply to municipal and industrial wastes, and to prescribed industrial wastes deposited at licensed facilities in Victoria.

EPA retains responsibility for collecting M&I Landfill levy, but the responsibility for making distributions to waste agencies and for holding the Sustainability Fund, has now passed to the Department. EPA's responsibilities with respect to prescribed industrial wastes remain unchanged.

The net result for the period has decreased by 96 per cent compared to the previous year. This is mainly as a consequence of the legislative changes outlined above. Revenue was \$91 million, \$160 million less (64 per cent) than the previous year because EPA no longer recognises the funds collected from M&I Landfill levy as revenue on the face of its financial statements, but rather as an asset and liability in its administered accounts (refer to Note 3 of the Financial Statements). Total expenses from transactions were \$75 million, \$47 million less (38 per cent) than the previous year, as Landfill levy distributions to waste agencies, and Sustainability Fund Program expense reimbursements are paid by the Department.

Financial position - balance sheet

Net assets decreased by \$425 million compared to the previous year. This is mainly due to a decrease in cash holdings relating to the one-off transfer of the Sustainability Fund from EPA to the Department. Total liabilities decreased by \$0.8 million compared to the previous year. This is due to decreased payables, partially offset by an increase in provisions.

Cash flows

The overall cash movement of \$46 million from operating activities since 2014-15 is due to:

- lower cash receipts \$100 million, primarily due to EPA no longer recognising the funds collected from M&I Landfill levy as revenue on the face of its financial statements offset by higher grants from government; offset by;
- lower payments \$54 million associated with Landfill levy distributions to waste agencies, and Sustainability Fund Program expense reimbursements are paid by the Department

Significant changes or factors affecting performance

There were no significant changes or factors which affected our performance during the reporting period.

Capital projects / asset investment programs

There were no significant capital projects during the period.

Subsequent events

The Government's response to the independent inquiry into the EPA is expected to be announced in 2016-17. The independent review made recommendations with regard to EPA's funding, that if accepted by Government, could see EPA's current funding and resourcing model change.

8. ORGANISATIONAL STRUCTURE AND GOVERNANCE ARRANGEMENTS

Governance

Chairman

Ms Cheryl Batagol was appointed as Chairman in September 2009. The role of the Chairman is to set the standards and the strategic direction for EPA, liaise with stakeholders and monitor the organisation's performance.

Deputy Chairman

Mr Nial Finegan was appointed as Deputy Chairman in October 2014, in addition to his appointment as Chief Executive Officer. The role of the Deputy Chairman is to assist the Chairman in the performance of the duties of the office of the Chairman and perform the duties of the office of the Chairman when required.

Environment Protection Board

The Environment Protection Board is an advisory board established under Section 8 of the *Environment Protection Act 1970* (EP Act). Its role is to provide advice to the Authority and to the Minister on certain matters. The Advisory Board is not accountable for EPA activities or operational aspects of EPA.

Mr Bob Welsh has served as Environment Protection Board President since his appointment in May 2006. Mr Ross McCann was appointed to the Environment Protection Board in September 2012. Mr Welsh and Mr McCann were re-appointed on 28 August 2015. Ms Debra Russell was appointed to the Environment Protection Board in September 2015.

Risk and Audit Committee

EPA has a Risk and Audit Committee and Internal Audit function to meet legislative requirements and support the Chairman and CEO to fulfil their obligations under the *Financial Management Act 1994* (FM Act). The Risk and Audit Committee has four independent members and reports directly to the Chairman and CEO. In the absence of a formal board of governance, the Chairman and CEO remain fully accountable for their risk and audit responsibilities. The members of the Risk and Audit Committee as at 30 June 2016 were Ms Merran Kelsall (Chair), Ms Debra Russell, Mr Ian Coles and Mr Rob Hogarth.

Advisory committees

EPA also has two best practice advisory committees to support continuous improvement in its people, culture, science and engineering.

People and Culture Committee

The People and Culture Committee's role is to provide advice to the Chairman and CEO in their oversight and management of EPA's people and culture. The members of the People and Culture Committee as at 30 June 2016 were Mr Rob Skinner (Chair), Ms Julie Catanach and Mr Michael Ulbrick. One position on the committee is vacant.

Science and Engineering Advisory Committee

The Science and Engineering Advisory Committee's role is to provide strategic advice to the EPA Chairman and CEO in their oversight and management of EPA's science and engineering functions. The members of the Science and Engineering Advisory Committee as at 30 June 2016 were Dr John Stocker AO (Chair), Ms Leonie Walsh, Prof Tom Spurling AM, Mr David Pullman and Dr Jenny Stauber.

Organisational structure

Executive Management Team

Nial Finegan, *Chief Executive Officer (BEng (Hons), MBA, DIC, CPEng, FIEAust, EngExec, NER GAICD)*

Nial Finegan was appointed as Chief Executive Officer in August 2014. He is responsible for the day-to-day management of EPA in accordance with the law and government policies affecting EPA. Nial provides strategic leadership and management to the organisation, ensures proper resource allocation and timely delivery of outcomes.

Chris Webb, *Executive Director Regulatory Practice and Strategy (BSc)*

Chris Webb joined EPA in August 2010 and has led Regulatory Practice and Strategy since July 2014. The Regulatory Practice and Strategy directorate includes the development of strategic programs and engagement, operational capability improvements and the delivery of core regulatory programs and systems.

Damian Wells, *Executive Director Regional Services (BEM (Hons), MBA, GAICD)*

Damian Wells joined EPA in March 2015. The Regional Services directorate includes EPA's regional offices and delivers proactive, targeted compliance and enforcement programs and performs pollution response activities.

Tim Eaton, *Acting Executive Director Knowledge Standards and Assessments (BSoSc, MEL)*

Tim Eaton joined EPA in February 2010. The Knowledge, Standards and Assessments directorate includes the collection and interpretation of evidence and environmental impacts and assessment of proposed activities and developments requiring approval under the EP Act.

Tim was the director of Special Projects from July 2015 - May 2016.

Annie Volkering, *Executive Director Corporate Services (BAppSci, DipEd, GradDip)*

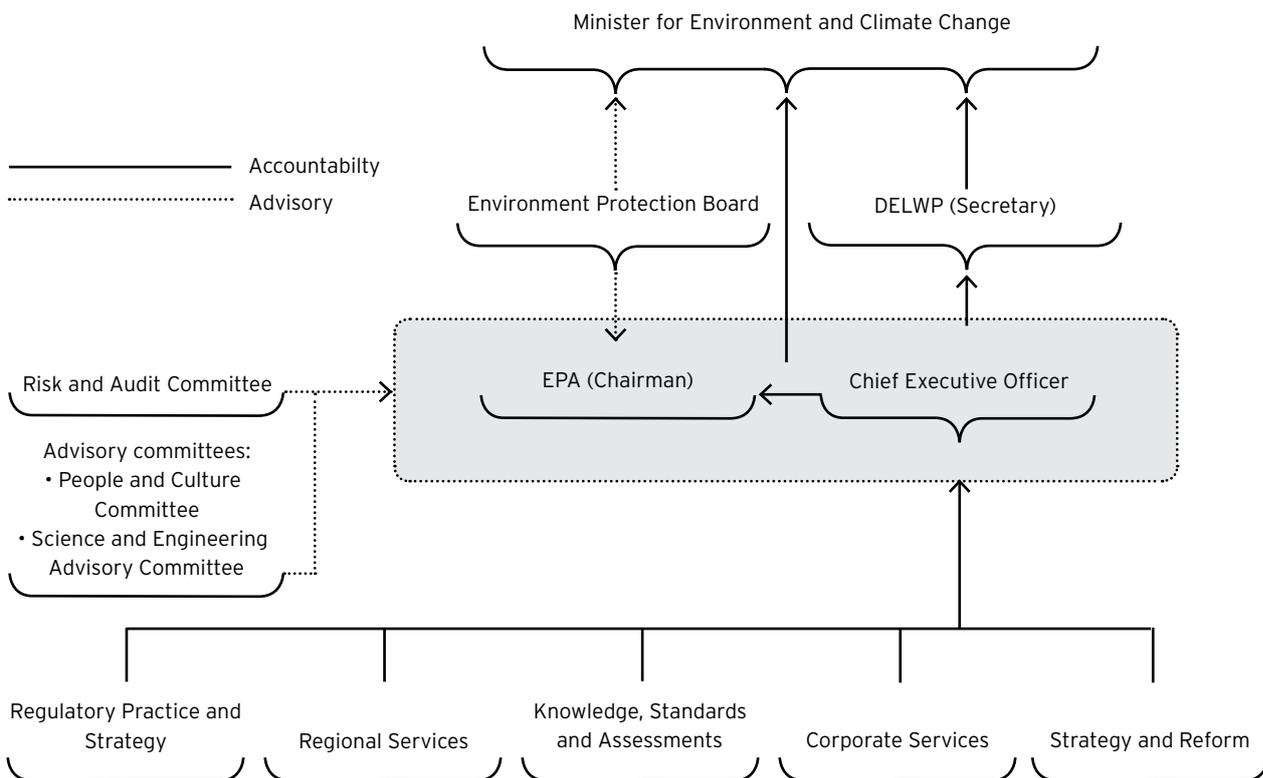
Annie Volkering joined EPA in January 2012 and has led Corporate Services since July 2014. The Corporate Services directorate includes EPA's core business support services of finance, technology, people and culture, legal, risk and strategic advice. Corporate Services also includes EPA's marketing, communications and customer service functions.

Cathy Wilkinson, *Executive Director Strategy Development and Reform (BAppSci, MEnvSci, PhD)*

Cathy Wilkinson joined EPA in March 2015. The Strategy Development and Reform directorate leads cross-organisational implementation of reforms following the Ministerial Advisory Committee Independent Inquiry into the EPA as well as the development of a new EPA organisational strategy.

Cathy was the Executive Director of Knowledge, Standards and Assessments from July 2015 - May 2016.

Figure 8.1: EPA Victoria's organisational structure



8. ORGANISATIONAL STRUCTURE AND GOVERNANCE ARRANGEMENTS CONTINUED

Occupational health and safety (OHS)

Policies, systems and processes

EPA's safety vision is to eliminate work-related injuries and illnesses, unsafe work practices and promote the health, safety and wellbeing of all employees, contractors, volunteers, and visitors. The objectives of EPA's 2014-17 Occupational Health & Safety (OHS) strategy is to help achieve this vision through:

- creating a positive safety culture
- maintaining an effective safety management system
- reducing risk in the workplace.

The OHS strategy supports the continuous improvement of the EPA OHS Management System that is AS/NZS 4801:2001 certified. The OHS committee consists of 18 elected health and safety representatives and six managers, six per cent of the total EPA staff, and is chaired by the Executive Director Regional Services.

All EPA OHS policies and procedures are consistent with the *Occupational Health and Safety Act 2004*, *Occupational Health and Safety Regulations 2007* and the *Accident Compensation Act 1985*. The Victorian Public Service Enterprise Agreement 2016 covers the formal agreement with the CPSU regarding issues and obligations for OHS.

Incident management

EPA had 97 incidents reported, 57 resulted in injury or impact to an individual. Slip, trips and falls, equipment or building-related incidents and sprains and strains account for over half of all the incidents. There were no lost time injuries for 2015-16 with the last lost time injury in November 2014.

In 2015-16, 25 per cent of total reported incidents related to field work. EPA employees attending environmental incidents, responding to pollution and emergency reports, and entering a wide variety of non-EPA facilities and workplaces represent the most significant identified risk for EPA employees. EPA continued to focus on managing these risks through refresher training, reviewing and upgrading OHS procedures, identifying appropriate equipment, and supporting the commitment of EPA employees to their safety and safe work practices.

EPA offers employees and their immediate families access to an Employee Assistance Program which provides confidential, professional counselling for personal or work-related issues. In 2015-16, 36 people accessed EPA's Employee Assistance Program. Psychological incidents accounted for 11 per cent of all OHS incidents reported in 2015-16.

There were three standard WorkCover claims for 2015-16, an increase on the previous year; however, the cost per claim was reduced. There were no lost time claims for the year and no days lost.

Performance against OHS management measures

Table 8.1: Performance against OHS management measure

Measure	Key Performance Indicator	Notes	2016	2015	2014
Incidents	No. of incidents	1	97	98	46
	Rate per 100 FTE	3	25.00	27.2	14.24
	Injury rate		2.56	2.84	1.13
	LTI		0	1	4
	LTIFR		0.00	1.89	7.47
Claims	No. standard claims	2	3	1	2
	Rate per 100 FTE	3	0.77	0.27	0.61
	No. of lost time claims		0	0	2
	Rate per 100 FTE	3	0	0	0.61
	No. of claims exceeding 13 weeks		0	0	1
	Rate per 100 FTE	3	0	0	0
Fatalities	Fatality claims		0	0	0
Claim costs	Average cost per standard claim	2	\$723	\$1,873	\$11,941
Return to work	Percentage of claims with RTW Plan <30 days		100%	100%	50%
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs)		Completed	Completed	Completed
	Compliance with agreed structure on DWGs, HSRs, and IRPs		Completed	Completed	Completed
Risk management	Percentage of workplace inspections completed		75%	65%	78%
	No. of AS 4801 external audit recommendations		2	4	4
	Percentage of AS 4801:2001 external audit recommendations actioned		100%	100%	100%
Training	Percentage of managers and staff that have received OHS training:				
	• induction		85%	10%	n/a
	• management training		20%	5%	n/a
	• contractors, temps, and visitors		70%	10%	n/a
	Percentage of HSRs trained:				
	• acceptance of role	4	73%	100%	n/a
• retraining (refresher)		15%	40%	n/a	
	• reporting of incidents and injuries		0%	25%	n/a

1. Incidents data sourced from EPA's internal system, EPASS, as at 30 June 2016. A significant increase in reporting from 2015 was due to the launch of the new EPASS system in July 2014. The new reporting system is easier to locate and navigate and resulted in an increase in reports. This trend continued into 2015-16.
2. Data sourced from the WorkSafe Victoria as at 30 June 2016.
3. Based on an FTE of 388
4. Three HSRs resigned in 2016 resulting in the election of three new HSRs who have not yet attended training.

Table 8.2: EPA premium rate

	Notes	2016	2015	2014
Premium rate	1	1.2921%	0.5564%	0.5564%

1. EPA's premium rate was increased due to a change in industry classification following a WorkSafe Victoria premium audit in October 2015. EPA's premium rose significantly due to the combination of a higher premium rate and the higher claim costs due to three large claims. The premium is expected to decrease over the next three years as the three claims are phased out of the premium calculation.

Employment and conduct principles

EPA is committed to applying best practice principles when appointing and retaining its 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.

9. WORKFORCE DATA

Values and employment principles

EPA continues to review policies that underpin its workforce strategies. Policies focus on upholding public sector conduct and values, managing and valuing diversity and creating a safe and healthy workplace for its employees.

All EPA employees are covered by the Victorian Public Service Enterprise Agreement 2016, except for executives who hold individual employment contracts under the *Public Administration Act 2004*.

Comparative workforce data

Table 9.1: Full-time equivalent (FTE) staffing trends from 2012 to 2016

	2016	2015	2014	2013	2012
FTE	388	341	312	325	364

Table 9.2: Summary of employment in June of 2015 and 2016

	Ongoing employees				Fixed-term and casual employees
	Employees (headcount)	Full time (headcount)	Part time (headcount)	FTE	FTE
June 2016	351	274	77	323.28	65.03
June 2015	337	264	73	307.59	33.5

Table 9.3: Details of employment levels in June of 2015 and 2016

	2016			2015		
	Employees (headcount)	Ongoing	Fixed-term and casual employees	Employees (headcount)	Ongoing	Fixed-term and casual employees
		FTE	FTE		FTE	FTE
Gender						
Male	157	154.04	31.4	150	147.22	14.5
Female	194	169.24	33.63	187	160.37	19
Total	351	323.28	65.03	337	307.59	33.5
Age						
Under 25	2	2	1.6	1	1	1
25-34	82	77.89	27.68	78	72.84	15.1
35-44	135	119.59	21.95	136	119.61	13.4
45-54	82	76.5	11.8	74	69.14	4
55-64	48	45.7	2	47	44.4	0
Over 64	2	1.6	0	1	0.6	0
Total	351	323.28	65.03	337	307.59	33.5
Classification						
VPS Grade 1	0	0	0.6			
VPS Grade 2	5	5	4	4	3.7	0
VPS Grade 3	60	55.33	14	73	68.58	10.8
VPS Grade 4	125	115.25	25.63	114	103.36	13.9
VPS Grade 5	107	98	15	104	94.17	5.8
VPS Grade 6	46	42.5	5.8	35	31.58	3
STS	2	1.2	0	2	1.2	0
Executive officer	6	6	0	5	5	0
Total	351	323.28	65.03	337	307.59	33.5

Diversity and Inclusion Plan

In 2015-16, EPA continued to promote EPA as an organisation that recognises values and celebrates the diversity of our people. Significant milestones achieved through our Diversity and Inclusion Plan during 2015-16 included:

- conducting Introduction to Aboriginal Awareness Cultural sessions between August and November with 282 staff attending
- establishing the EPA Diversity and Inclusion Advisory Work Group to oversee the implementation of the Diversity and Inclusion Plan
- becoming a member of the VPS Pride Network
- delivering the LGBTI Diversity and Inclusion Awareness Pilot Program
- completing the recruitment process review with the National Disability Recruitment Coordinator.

Executive officer data

An **executive officer** (EO) 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 9.4: Number of EOs classified into 'ongoing' and 'special projects'

Classification	All		Ongoing		Special projects	
	No.	Var.	No.	Var.	No.	Var.
EO-1	1		1			
EO-2	4		4			
EO-3	1				1	
Total	6		5		1	

Table 9.5: Breakdown of EOs into gender for 'ongoing' and 'special projects'

Classification	Ongoing					Special projects					
	Male		Female		Vacancies	Male		Female		Vacancies	
	No.	Var.	No.	Var.	No.	No.	Var.	No.	Var.	No.	
EO-1	1										
EO-2	2	+2	2	+2	+4						
EO-3	0	-2	0	-2	-4	1					+1
Total	3	0	2	0	0	1					+1

Table 9.6: Reconciliation of executive numbers

		2016	2015
	Executives with remuneration over \$100,000 (financial statements Note 24)	5	5
Add	Vacancies (Table 9.5)	0	0
	Executives employed with total remuneration below \$100,000	0	0
	Accountable officer (CEO)	1	1
Less	Separations	0	0
	Total executive numbers at 30 June	6	6

10. OTHER DISCLOSURES

Victorian Industry Participation Policy Act 2003

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

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

Government advertising expenditure

There were no advertising campaigns with a media spend of \$100,000 or greater in 2015-16.

Consultancy expenditure

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

In 2015-16, there were 24 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2015-16 in relation to these consultancies was \$1,673,647 (excluding GST). Details of individual consultancies are outlined below.

Table 10.1: Details of consultancies (valued at \$10,000 or greater)

Consultants	Purpose of consultancy	Start date	End date	Total approved project fee (\$ excl. gst)	Expenditure 2015-16 (\$ excl. gst)	Future expenditure (\$ excl. gst)
Accelerator Communications	Development of the "it's not worth it" content video production.	5/08/2015	30/09/2015	23,360	23,360	-
Aecom Australia P/L	Fishermans Bend urban groundwater quality assessment	5/06/2015	29/02/2016	318,955	318,955	-
Alluvium Consulting Australia Pty Ltd	Evaluation of river monitoring and assessment	24/12/2015	29/04/2016	43,625	43,625	-
Arup Pty Ltd	Independent technical advice on Intractable pesticide waste	25/05/2015	31/12/2015	15,000	15,000	-
BDA Economics and Environment Pty Ltd	Economic analysis of Scheduled Premises	8/09/2015	31/03/2016	83,972	83,972	-
Cardno Lane Piper Pty Ltd	Soil vapour sampling and preliminary screening assessment	12/11/2015	12/01/2016	13,636	13,155	-
Coco Maximilian	Development of an overarching illegal waste disposal video	30/07/2015	30/09/2015	11,621	11,621	-
Department of Environment Land Water and Planning	Sampling services for EPA Loddon River advisory testing project	19/09/2015	30/12/2015	18,182	18,000	-
Environmental Earth Sciences	Independent review for the continuation of disposal of mineral by-products in Iluka's Douglas mine site	30/07/2015	30/06/2016	72,727	72,727	-
Ernst & Young Pty Ltd	Review on asbestos cells licensing in Victoria	6/07/2015	28/08/2015	52,727	52,727	-
Ernst & Young Pty Ltd	Greenhouse Gas (GHG) Inventory and Management plan	21/08/2015	30/09/2015	22,500	22,500	-

Consultants	Purpose of consultancy	Start date	End date	Total approved project fee (\$ excl. gst)	Expenditure 2015-16 (\$ excl. gst)	Future expenditure (\$ excl. gst)
Evocate Pty Ltd	EPA SharePoint project	26/04/2016	31/08/2016	85,099	55,838	31,410
Hydronumerics Pty Ltd	Western Port SEPP loads model scenarios	1/07/2015	11/11/2015	66,960	66,960	-
Hygienics Pty Ltd	Asbestos air monitoring samples	18/01/2016	4/04/2016	68,181	51,690	-
Jose Luis Torero Cullen	Expert opinion into Hazelwood coal mine fire	1/02/2016	5/02/2016	15,000	15,000	-
Pacific Environment Operations Pty Ltd	Ambient Air Quality National Environment Protection Measure(AAQ NEPM)	26/11/2015	31/08/2016	269,260	67,315	201,945
PwC	Cost and capacity review	1/04/2015	31/08/2015	113,636	79,545	-
PwC	Assess and quantify economic impacts of illegal disposal of industrial waste	1/05/2015	30/09/2015	132,803	66,506	-
PwC	EPA future funding options	15/05/2015	31/08/2015	17,792	8,896	-
Quantum Market Research ¹	Social research	2/09/2013	30/12/2016	874,399	284,466	-
Resonate Consultants Pty Ltd	Impact analysis of the Noise State Environment Protection Policy and State Environment Protection Policy	18/01/2016	31/07/2016	108,317	108,317	-
RMIT University	Field and analytical services	5/10/2015	30/06/2016	81,601	81,601	-
The Nous Group	Report on environmental regulation for the future	7/09/2015	23/10/2015	74,181	74,181	-
The University of Melbourne	Design a monitoring program to improve water quality at Frankston Beach	1/10/2015	1/02/2016	37,690	37,690	-
Total				2,621,224	1,673,647	233,355

1. The approved expenditure as at 30 June relating to this consultancy has been realised. This includes an adjustment to the original contract in line with EPA procurement policies and procedures.

Details of consultancies under \$10,000

In 2015-16 there were eight consultancies engaged during the year where the total fee payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2015-16 in relation to these consultancies was \$44,476 excluding GST.

Disclosure of major contracts

EPA did not enter into any contract over \$10 million in value during 2015-16.

10. OTHER DISCLOSURES CONTINUED

Information and communication technology expenditure

Details of information and communication technology (ICT) expenditure

For the 2015-16 reporting period, EPA had a total ICT expenditure of \$8 million, with the details shown below.

		(\$ thousands)	
Business as usual (BAU) ICT expenditure (Total)	Non business as usual (non-BAU) ICT expenditure (Total = Operational expenditure and Capital expenditure)	Operational expenditure	Capital expenditure
\$7,910	\$106	\$91	\$15

ICT expenditure refers to EPA'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. Non-BAU ICT expenditure relates to extending or enhancing EPA's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Freedom of Information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by EPA. For the 12 months ending 30 June 2016, EPA received 55 applications. Of these requests, nine were from Members of Parliament and journalists, and the remainder were from the general public. Of the total requests received by EPA, the majority were acceded to, but one went to internal review with nil progressing to appeal stage.

Making a request

Access to information under Freedom of Information (FOI) is obtainable through a written request, as detailed in Section 17 of the Act. Applications must be as detailed and specific as possible so that the EPA FOI officer can identify and locate relevant documents. All applications must include the statutory \$27.90 Application Fee (from 1 July 2016). This fee does not include the costs for the provision of access to the requested material.

A Freedom of Information request can be made by writing to:

The Freedom of Information Officer

EPA Victoria
GPO Box 4395
Melbourne VIC 3001

Requests can also be lodged online at www.foi.vic.gov.au

Compliance with the *Building Act 1993*

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

National Competition Policy

Under the National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

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

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

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, that any advantages arising solely from their ownership be recovered if they are not in the public interest.

Compliance with the *Protected Disclosure Act 2012* (formerly the *Whistleblowers Protection Act 2001*)

The *Protected Disclosure Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and for rectifying action to be taken.

EPA does not tolerate improper conduct by employees, or the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

EPA will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Reporting procedures

Disclosures of improper conduct or detrimental action by EPA or any of its employees and/or officers may be made to:

Protected Disclosures Coordinator

EPA Victoria
PO Box 4395
Melbourne Victoria 3001
Telephone: 03 9695 2798
Email: protected.disclosure@epa.vic.gov.au

Alternatively, disclosures of improper conduct or detrimental action by EPA or any of its employees and/or officers may also be made directly to the Independent Broad-based Anti-corruption Commission:

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

Level 1, North Tower, 459 Collins Street
Melbourne Victoria 3000
Mail: IBAC, GPO Box 24234, Melbourne Victoria 3000
Phone: 1300 735 135
Internet: www.ibac.vic.gov.au
Email: (see website above for the secure email disclosure process, which also provides for anonymous disclosures)

Further information

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by EPA or any of its employees and/or officers, are available on EPA's website.

Table 10.2: Disclosures under the *Protected Disclosure Act 2012*

	2015-16 number	2014-15 number
The number of disclosures made by an individual to EPA and notified to the Independent Broad-based Anti-corruption Commission	3	0
Assessable disclosures	1	1

10. OTHER DISCLOSURES CONTINUED

Office-based environmental impacts

EPA's Environment Management System has been established to reduce EPA's impact on the environment. The system is supported by a staff-run working group called Green Stars who have a mandate to create staff awareness and organise initiatives that help the environment.

EPA's greenhouse gas inventory has been prepared using the National Greenhouse Accounts Factors updated by the Australian Government's Department of Environment and Energy in 2015. It reports on the environmental impact of EPA's activities across its offices and air monitoring sites.

Greenhouse gas emissions

The table below summarised EPA's greenhouse gas emissions from the sources discussed in tables 10.4 to 10.12

Table 10.3: Greenhouse gas emissions

Indicator	2015-16	2014-15
Total greenhouse gas emissions associated with energy use (tCO ₂ e)	2,092.10	2,152.00
Total greenhouse gas emissions associated with vehicle fleet (tCO ₂ e)	222.90	191.00
Total greenhouse gas emissions associated with air travel (tCO ₂ e)	69.60	115.00
Total greenhouse gas emissions associated with waste production (tCO ₂ e) ¹	4.72	3.00
Greenhouse gas emissions offsets purchased (tCO ₂ e)	3000.00	3,200.00

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, couriers, commuting and paper use.

Greenhouse gas emissions targets

EPA's Sustainability Plan set objectives for achievement by June 2016. Progress on energy-related targets is below.

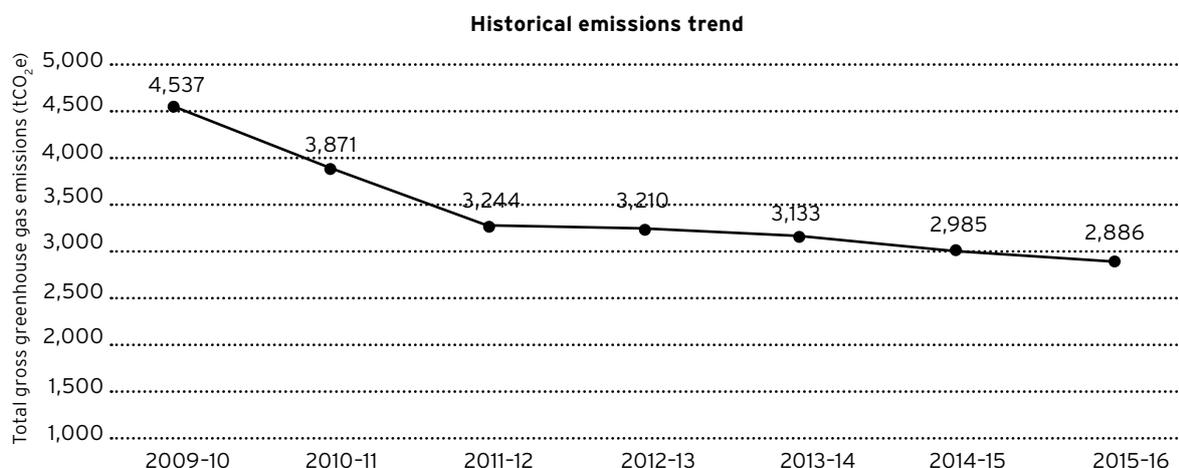
Table 10.4: Current performance against Sustainability Plan targets for greenhouse gas

Measure	June 2016 target	June 2016 actual
Reduction in greenhouse gas emissions since 2009-10	15%	41%

EPA has continued to improved its overall greenhouse gas emissions beyond the reduction target of 15 per cent. As of June 2016, EPA has achieved a 41 per cent overall reduction since June 2009-10.

EPA invests in voluntary carbon offsets to ensure it is carbon neutral.

Figure 10.1: Total gross greenhouse gas emissions (tCO₂e)



Energy

EPA consumes energy for a number of different uses including office facilities, research and development facilities and air monitoring sites.

Table 10.5: Energy use

Indicator	2015-16			2014-15		
	Electricity	Natural gas	Green power	Electricity	Natural gas	Green power
Total energy usage segmented by primary source (MJ)	6,846,453	7,268,512	178,074	6,131,657	8,356,588	164,015
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (tCO ₂ e)	1,585	501	-	1,700	451	
Percentage of electricity purchased as green power	2.6%	-	-	3%		
Units of energy used per FTE (MJ/FTE)	17,645	18,733.28	458.95	17,977	41,419	481
Units of energy used per unit of office area (MJ/m ²)	651	691	17	583	1,343	16

Energy targets

EPA's Sustainability Plan set objectives for achievement by June 2016. Progress on energy-related targets is outlined below.

Table 10.6: Current performance against Sustainability Plan targets for energy use

Measure	June 2016 target	June 2016 actual
Energy use per m ² per year	550MJ	651 MJ

Current progress shows an increase in energy use per m² compared to the previous year. EPA's FTE increased through the year with no increase in office space contributing to the overall increase in energy usage for 2015-16. EPA also adopted an improved calculation methodology for 2015-16, which has also contributed to the variance from the target.

Waste

The waste generated by EPA is divided into landfill, recycling (including paper, cardboard, e-waste and stationary) and compost (organics recycling). The data presented below is derived from 10-day waste audit conducted at EPA's head office in Carlton and five-day waste audits at other sites.

Table 10.7: Waste

Indicator	2015-16			2014-15		
	Landfill	Commingled recycling	Compost	Landfill	Commingled recycling	Compost
Total units of waste disposed of by destination (kg/yr)	3,275.00	8,570.00	5,630.30	2,551.00	12,606.00	4,831.00
Units of waste disposed of per FTE by destinations (kg/FTE)	8.44	22.09	14.51	7.48	32.56	14.162
Recycling rate (percentage of total waste)			81%			87%
Greenhouse gas emissions associated with waste disposal (tCO ₂ e)			4.72			2.96

10. OTHER DISCLOSURES CONTINUED

Waste targets

EPA's Sustainability Plan set objectives for achievement by June 2016. Progress on waste-related targets is outlined below.

Table 10.8: Current performance against Sustainability Plan targets for waste

Measure	June 2016 target	June 2016 actual
Waste generated per FTE per year	60 kg	45 kg

Progress against the target has been positive in 2015-16 with a significant reduction (25%) in the amount of waste generated per FTE being achieved from the previous year, despite a small increase in overall emissions from waste.

EPA uses internal signage and communications to encourage reduced waste and increase the recycling of organic materials.

Paper

EPA aims to reduce paper use per by providing better choices when it comes to printing.

Table 10.9: Paper use

Indicator	2015-16	2014-15
Total units of copy paper used (reams)	2,153.00	2,435.00
Units of copy paper used per FTE (reams/FTE)	5.50	7.10
Percentage of 75-100% recycled content copy paper purchased	99.7%	98.8%
Percentage of 50-75% recycled content copy paper purchased	0.3%	0.0%
Percentage of 0-50% recycled content copy paper purchased	0%	0.00%

Paper use targets

EPA's Sustainability Plan set objectives for achievement by June 2016. Progress on paper-related targets is outlined below.

Table 10.10: Current performance against Sustainability Plan targets for waste

Measure	June 2016 target	June 2016 actual
Paper use per FTE per year (reams per FTE)	5.00	5.55

EPA continues its initiatives to becoming more efficient in relation to paper use, and has made significant improvement from the previous year by reducing its paper usage per FTE by 30 per cent.

EPA uses a technology-based approach such as 'swipe printing' and equipping senior leadership with tablets to minimise paper use. Additionally, all EPA staff can use their own portable electronic devices to connect to the Internet to reduce dependency on printed documents.

Water

The data in the table below is based on water meter readings at metropolitan and regional offices.

Table 10.11: Water use (office facilities only)

Indicator	2015-16	2014-15
Total units of metered water consumed by usage types (kilolitres)	5,219.00	5,489.00
Units of metered water consumed in offices per FTE (kilolitres/FTE)	13.45	16.09
Units of metered water consumed in offices per unit of office area (kilolitres/m ²)	0.50	0.52

Water use targets

EPA's Sustainability Plan set objectives for achievement by June 2016. Progress on water-related targets is outlined below.

Table 10.12: Current performance against Sustainability Plan targets for waste

Measure	June 2016 target	June 2016 actual
Water use per year (kilolitres/m ²)	0.28	0.50

Good water practices are encouraged and adopted by EPA staff and water-efficient appliances are used wherever it is practical to do so. EPA has increased its FTE over 2015-16, which contributed to the increase in water use per m².

Transport

EPA's transport footprint includes vehicles, boat, air travel and staff commuting. EPA uses fuel-efficient vehicles, consolidated trips and carpooling to reduce its transport footprint. In addition, staff are encouraged to use public transport for official work whenever possible. EPA's video conferencing facilities 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 may not be as extensive.

Table 10.13: Transport

Operational vehicles	2015-16			2014-15		
	Diesel	Petrol	LPG	Diesel	Petrol	LPG
Total energy consumption by vehicles (MJ)	1,089,364	1,173,128	908,522	828,344	1,150,573	823,760
Total vehicle travel associated with entity operations (km)	305,841	400,939	278,641	233,215	350,190	237,350
Total greenhouse gas emissions from vehicle fleet (tCO ₂ e)	81	84	59	62	83	54
Greenhouse gas emissions from vehicle fleet per 1,000 km travelled (tCO ₂ e)	0.26	0.21	0.21	0.27	0.24	0.23
Air travel						
Total distance travelled by aeroplane (km)	375,289			466,575		
Travel to work	CBD	Metro	Regional	CBD	Metro	Regional
Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, walking, or carpooling to and from work or working from home, by locality type	83%	49%	53%	84%	21%	19%

Transport targets

EPA's Sustainability Plan set objectives for achievement by June 2016. Progress on transport-related targets is outlined below.

Table 10.14: Current performance against Sustainability Plan targets for transport

Measure	June 2016 target	June 2016 actual
Increase in fuel efficiency of vehicle fleet	10%	11%
Increase in use of public transport for work purposes	10%	8%

EPA exceeded its fuel efficiency target for 2015-16. While the public transport targets falls just short of the target, it represents a significant increase from 2014-15 when EPA's public transport use had decreased.

Procurement

EPA applies sustainability criteria to the purchase of stationery, cleaning, paper, catering and venue hire to minimise its environmental impact. EPA also continued to use ecologically sustainable design guidelines for new buildings or office fit-outs.

Examples of how EPA has incorporated environmental considerations into procurement decisions are:

- 41 per cent of stationery purchased is made of recycled products
- 100 per cent of computer screens are LCD
- 100 per cent of printers, multifunction devices and photocopiers, including portable printers that enable onsite printing of inspections reports, have duplex capacity.

10. OTHER DISCLOSURES CONTINUED

Other information available on request

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

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

In addition, EPA confirms that:

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

Attestation for compliance with Standing Direction 4.5.5

I, Cheryl Batagol, certify that the Environment Protection Authority Victoria (EPA) was compliant with the requirements of the Ministerial Standing Direction 4.5.5 - Risk Management Framework and Processes, with the exception of inter-agency and statewide risk requirements that came into effect during the course of the 2015-16 year. The following remedial action will be taken: EPA will work closely with the Department of Environment, Land, Water and Planning and other agencies to identify and manage inter-agency and statewide risks. The EPA's Risk and Audit Committee verifies this attestation.



Cheryl Batagol
Chairman

Environment Protection Authority Victoria

Melbourne
22 August 2016

Compliance with the Data.Vic Access Policy

Consistent with the Data.Vic Access Policy issued by the Victorian Government in 2012, the information included in this Annual Report will be available at <http://data.vic.gov.au/> in machine readable format.

11. DEFINITIONS

The following definitions explain scientific and technical terms used in this Annual Report.

Acidification (land): Acidification of land occurs when soil pH decreases over time to become more acidic.

Air quality: The condition of the air described by the presence of air pollution or other contamination at a particular place and time. Air quality can be investigated by measuring levels of common pollutants such as ozone, carbon monoxide and small particles.

AirWatch: AirWatch is an interactive map that shows air quality information measured by EPA's air monitoring stations around Victoria. It is available at epa.vic.gov.au

Ballast water: Ballast water is water carried in ships' ballast tanks to improve stability, balance and trim. It is taken up or discharged when cargo is unloaded or loaded, or when a ship needs extra stability. When ships take on ballast water, plants and animals that live in the ocean are also picked up. Discharging this water releases these organisms into new areas where they can become pests.

Carbon monoxide: Carbon monoxide is a colourless and odourless gas that comes mainly from car exhausts. It is toxic to humans at concentrations above 35 parts per million (ppm).

Macroinvertebrate: Any freshwater invertebrate that is large enough to be seen with the naked eye (with a body usually longer than 2 mm). This diverse group includes crustaceans (such as shrimp), insects, mites, molluscs and worms.

Nitrogen dioxide (NO₂): Nitrogen dioxide is a gas that is known to affect the throat and the lungs. In levels encountered in polluted air, people with respiratory problems, particularly infants, children and the elderly, may be affected. EPA monitors nitrogen dioxide in Victoria's air through AirWatch.

Ozone (O₃): Ozone is a gas that occurs in the upper atmosphere, where it serves a useful purpose in protecting humans from UV radiation. Ozone is very reactive, affecting the linings of the throat and lungs, restricting the air passages and making breathing difficult. EPA monitors ozone in Victoria's air through AirWatch.

pH: pH is a measure of the hydrogen ion concentration of a solution. Solutions with a high hydrogen ion concentration have a low pH and those with a low concentration have a high pH. A solution with a low pH - less than 7 - is an acidic solution, whereas one with a high pH - greater than 7 - is alkaline or basic. A solution with a pH of 7 is neutral.

PM₁₀: Particles in the air with a diameter less than 10 micrometres. These particles can be a variety of shapes and sizes (up to 10 micrometers). They are small enough to get into the lungs and can cause health problems. Sources of these particles include combustion, crushing or grinding operations, pollen, road dust and sea salt. EPA monitors PM₁₀ in Victoria's air through AirWatch.

PM_{2.5}: Particles in the air smaller than 2.5 micrometres in diameter. General sources of these particles include all types of combustion, including motor vehicles, power plant emissions and fires. Fine particles pose the greatest risk to human health, as their size means they can be breathed deep into the lungs. These particles are up to 30 times smaller than the width of a single human hair. EPA monitors PM_{2.5} in Victoria's air through AirWatch.

Pollution abatement notices (PANs): PANs are issued under section 31A of the *Environment Protection Act 1970*. They aim to prevent further occurrence of pollution or potential environmental risk through installation of risk controls and changes to onsite processes and practices.

Post-closure pollution abatement notices (PC PANs): In order to ensure that the risks are appropriately quantified and managed, owners of closed landfill sites are issued with pollution abatement notices that require the closed landfill to be managed so there are no unacceptable risks to the environment. These are referred to as PC PANs.

Prescribed industrial waste (PIW): PIW is waste that is potentially harmful to humans or the environment and has the properties set out in the Environment Protection (Industrial Waste Resource) Regulations 2009. PIW can take different forms - solid, liquid or gaseous. Examples of PIW include waste paints and solvents, contaminated soil, waste oil and filter cake.

State environment protection policies (SEPPs): SEPPs are subordinate legislation made under the provisions of the *Environment Protection Act 1970* to provide more detailed requirements and guidance for the application of the Act to Victoria.

Sulfur dioxide (SO₂): Sulfur dioxide is an irritant gas that attacks the throat and lungs. Its effect on health is increased by the presence of airborne particles. Prolonged exposure to sulfur dioxide can lead to increases in respiratory illnesses like chronic bronchitis. EPA monitors Sulfur dioxide in Victoria's air through AirWatch.

µg/m³: The concentration of an air pollutant in micrograms per cubic metre of air.

Underground petroleum storage systems (UPSS): UPSS have the potential to leak, leading to expensive cleanup costs, damage to the environment and risks to human health.

Visibility reduction: Visibility reduction is a measure of how visual range is affected by very small particles in the air. The higher the visibility reduction measurement, the lower the visual range is. For example, very smoky conditions at an air monitoring station would show a high value for visibility reduction.

12. DISCLOSURE INDEX

EPA's Annual Report is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
Ministerial Directions		
Report of operations - FRD guidance		
Charter and purpose		
FRD 22G	Manner of establishment and the relevant Minister	6
FRD 22G	Purpose, functions, powers and duties	6
FRD 8D	Departmental objectives, indicators and outputs	n/a
FRD 22G	Initiatives and key achievements	7-19
FRD 22G	Nature and range of services provided	3
Management and structure		
FRD 22G	Organisational structure	26-27
Financial and other information		
FRD 8D, SD 4.2(k)	Performance against output performance measures	22-23
FRD 8D	Budget portfolio outcomes	n/a
FRD 10A	Disclosure index	42-43
FRD 12B	Disclosure of major contracts	32-33
FRD 15C	Executive officer disclosures	31
FRD 22G	Employment and conduct principles	29
FRD 22G	Occupational Health and Safety Policy	28
FRD 22G	Summary of the financial results for the year	24-25
FRD 22G	Significant changes in financial position during the year	24-25
FRD 22G	Major changes or factors affecting performance	24-25
FRD 22G	Subsequent events	25 and 88
FRD 22G	Application and operation of <i>Freedom of Information Act 1982</i>	34
FRD 22G	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	34
FRD 22G	Statement on National Competition Policy	34
FRD 22G	Application and operation of the <i>Protected Disclosure 2012</i>	35
FRD 22G	Application and operation of the <i>Carers Recognition Act 2012</i>	n/a
FRD 22G	Details of consultancies over \$10,000	32-33
FRD 22G	Details of consultancies under \$10,000	33
FRD 22G	Government advertising expenditure	32
FRD22G	Information and communication technology expenditure	34
FRD 22G	Statement of availability of other information	40
FRD 24C	Reporting of office-based environmental impacts	36-39
FRD 25B	Victorian Industry Participation Policy disclosures	32
FRD 29A	Workforce Data disclosures	30-31
SD 4.5.5	Attestation for compliance with <i>Ministerial Standing Direction 4.5.5</i>	40
Financial Report		
SD 4.2(g)	Specific information requirements	7-23
SD 4.2(j)	Sign-off requirements	2

Legislation	Requirement	Page reference
Financial statements required under Part 7 of the FMA		
SD4.2(a)	Statement of changes in equity	49
SD4.2(b)	Operating statement	47
SD4.2(b)	Balance sheet	48
SD4.2(b)	Cash flow statement	50
Other requirements under Standing Directions 4.2		
SD4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	52
SD4.2(c)	Compliance with Ministerial Directions	52
SD4.2(d)	Rounding of amounts	60
SD4.2(c)	Responsible Body, Accountable Officer and Chief Accounting and Finance Officer declaration	44
SD4.2(f)	Compliance with Model Financial Report	52
Other disclosures as required by FRDs in notes to the financial statements		
FRD 9A	Departmental disclosure of administered assets and liabilities by activity	62-63
FRD 11A	Disclosure of ex gratia expenses	86
FRD 13	Disclosure of parliamentary appropriations	62
FRD 21B	Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	86
FRD 102	Inventories	n/a
FRD 103F	Non-financial physical assets	72
FRD 104	Foreign currency	n/a
FRD 106A	Impairment of assets	56
FRD 109A	Intangible assets	72
FRD 107B	Investment properties	n/a
FRD 110A	Cash flow statements	50
FRD 112D	Defined benefit superannuation obligations	76
FRD 113A	Investments in subsidiaries, jointly controlled entities and associates	n/a
FRD 114B	Financial instruments - general government entities and public non-financial corporations	79-84
FRD 119A	Transfers through contributed capital	n/a
Legislation		
	<i>Freedom of Information Act 1982</i>	34
	<i>Building Act 1993</i>	34
	<i>Protected Disclosure Act 2001</i>	35
	<i>Carers Recognition Act 2012</i>	n/a
	<i>Victorian Industry Participation Policy Act 2003</i>	32
	<i>Financial Management Act 1994</i>	51

13. RESPONSIBLE BODY'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of the Authority as at 30 June 2016.

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 22 August 2016.



Cheryl Batagol
Chairman

Environment Protection Authority
Responsible Body

Melbourne
22 August 2016



Nial Finegan
Chief Executive Officer

Environment Protection Authority
Accountable Officer

Melbourne
22 August 2016



Matthew Dale
Chief Financial Officer

Environment Protection Authority
Chief Finance and Accounting Officer

Melbourne
22 August 2016

14. INDEPENDENT AUDITOR'S REPORT

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010

Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Chairman, Environment Protection Authority

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Environment Protection Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the responsible body's, accountable officer's and chief finance and accounting officer's declaration.

The Chairman's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Auditing in the Public Interest

14. INDEPENDENT AUDITOR'S REPORT CONTINUED

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Environment Protection Authority as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
29 August 2016



for Dr Peter Frost
Acting Auditor-General

Auditing in the Public Interest

15. COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		(\$ thousand)	
	Notes	2016	2015
Continuing operations			
Income from transactions			
Revenue (i)	4(a)	40,475	245,012
Other income - grants	4(b)	50,702	6,559
Total income from transactions		91,177	251,571
Expenses from transactions			
Employee expenses	5(a)	(41,952)	(37,185)
Grants and other expense transfers (i)	5(b)	(5,635)	(58,137)
Depreciation and amortisation	5(c)	(4,404)	(4,563)
Interest expense	5(d)	(78)	(84)
Other operating expenses	5(e)	(22,764)	(21,315)
Total expenses from transactions		(74,833)	(121,284)
Net result from transactions (net operating balance)		16,344	130,287
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	6(a)	55	153
Net gain/(loss) on statutory receivables	6(b)	(1,397)	(1,344)
Net gain/(loss) on landfill levy receivables	6(b)	-	(4)
Net gain/(loss) on financial instruments	6(c)	(9,743)	(1,052)
Other gains/(losses) from other economic flows	6(d)	(365)	230
Total other economic flows included in net result		(11,450)	(2,017)
Net result		4,894	128,270
Comprehensive result		4,894	128,270

Notes:

- (i) Assets representing the balance of the Sustainability Fund were transferred from the Authority to the Department of Land, Water and Planning (the Department) as at 1 July 2015, which has a significant impact on the comparability of 2016 and 2015 balances. A reconciliation of the Sustainability Fund balance transfer and its financial impact is set out in Note 27 (a).

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

16. BALANCE SHEET AS AT 30 JUNE 2016

		(\$ thousand)	
	Notes	2016	2015
Assets			
Financial assets			
Cash and cash equivalents (i)	20(a)	36,462	275,140
Managed Investment Fund (i)	19.7	61,522	191,265
Receivables (i)	7	40,694	96,429
Total financial assets		138,678	562,834
Non-financial assets			
Property, plant and equipment	8	17,344	16,114
Intangible assets	9	12,906	14,939
Non-financial assets classified as held-for-sale	10	21	-
Other non-financial assets	11	408	205
Total non-financial assets		30,679	31,258
Total assets		169,357	594,092
Liabilities			
Borrowings	12	1,556	1,524
Payables	13	6,615	7,765
Provisions	14	13,156	12,746
Total liabilities		21,327	22,035
Net assets		148,030	572,057
Equity			
Accumulated surplus		143,404	557,811
Contributed capital		943	11,467
Physical asset revaluation surplus	21	3,683	2,779
Net worth		148,030	572,057
Commitments for expenditure	17		
Contingent liabilities and contingent assets	18		
Subsequent events	26		

Notes:

(i) Assets representing the balance of the Sustainability Fund were transferred from the Authority to the Department as at 1 July 2015, which has a significant impact on the comparability of 2016 and 2015 balances. A reconciliation of the Sustainability Fund balance transfer and its financial impact is set out in Note 27 (a).

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

17. STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

					(\$ thousand)
	Notes	Physical asset revaluation surplus	Accumulated surplus	Contribution by owner	Total
Balance at 1 July 2014		2,779	429,541	11,155	443,475
Net result for the year		-	128,270	312	128,582
Balance at 30 June 2015		2,779	557,811	11,467	572,057
Net result for the year		-	4,894	-	4,894
Contribution from owner		-	-	943	943
Transfer to contributed capital (i)		-	(419,301)	419,301	-
Net assets transferred to Department (ii)		-	-	(430,768)	(430,768)
Asset revaluations		904	-	-	904
Balance at 30 June 2016		3,683	143,404	943	148,030

Notes:

- (i) These amounts were transferred from accumulated surplus to contributed capital due to insufficient contributed capital for the purpose of the transfer of the Sustainability Fund balance to the Department on 1 July 2015.
- (ii) Assets representing the balance of the Sustainability Fund were transferred from the Authority to the Department as at 1 July 2015, which has a significant impact on the comparability of 2016 and 2015 balances. A reconciliation of the Sustainability Fund balance transfer and its financial impact is set out in Note 27 (a).

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

18. CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		(\$ thousand)	
	Notes	2016	2015
Cash flows from operating activities			
Receipts			
Receipts from government		50,734	874
Receipts from other entities (i)		84,254	230,216
Goods and services tax recovered from the ATO		3,033	3,866
Interest received		2,287	5,174
Total receipts		140,308	240,130
Payments			
Payments of grants and other transfers		(5,635)	(58,137)
Payments to suppliers and employees		(70,379)	(71,347)
Goods and services tax paid to the ATO		(146)	(565)
Interest and other costs of finance paid		(78)	(84)
Total payments		(76,238)	(130,133)
Net cash flows from operating activities	20(b)	64,070	109,997
Cash flows from investing activities			
Proceeds/Payments from/(for) financial assets		129,743	1,052
Payments for non-financial assets		(2,246)	(1,160)
Proceeds from sale of non-financial assets		(21)	34
Net cash flows from/(used in) investing activities		127,476	(74)
Cash flows from financing activities			
Owner's contribution from State		943	312
Owner's contribution to State (i)		(430,768)	-
Repayment of finance leases		(399)	(460)
Net cash flows from/(used in) financing activities		(430,224)	(148)
Net increase/(decrease) in cash and cash equivalents		(238,678)	109,775
Cash and cash equivalents at beginning of the financial year		275,140	165,365
Cash and cash equivalents at end of the financial year	20(a)	36,462	275,140

Notes:

(i) Assets representing the balance of the Sustainability Fund were transferred from the Authority to the Department as at 1 July 2015, which has a significant impact on the comparability of 2016 and 2015 balances. A reconciliation of the Sustainability Fund balance transfer and its financial impact is set out in Note 27 (a).

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

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20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note 1. Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the Environment Protection Authority (the Authority) for the year ended 30 June 2016. The purpose of the report is to provide users with information about the Authority's stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

To gain a better understanding of the terminology used in this report, a glossary of terms can be found in Note 28.

The annual financial statements were authorised for issue by the Chairman of EPA Victoria, CEO and CFO on 22 August 2016.

(b) Basis of accounting preparation and measurement

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

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

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

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

Consistent with AASB 13 *Fair Value measurement*, the Authority determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held-for-sale, in accordance with the requirements of AASB 13 and relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair measurement as a whole:

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.

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

The accounting policies set out below, have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented for the year ended 30 June 2015.

(c) Reporting entity

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

Environment Protection Authority Victoria
200 Victoria Street
Carlton VIC 3053

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

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

Objectives and funding

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

The Authority derives the majority of its revenue from Prescribed Industrial Waste levies, earnings on investments and Litter fines.

Other income is comprised of Municipal and Industrial (M&I) landfill distributions and supplementary investment grant received from the Department.

Outputs of the Authority

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

Administered items

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

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

(d) Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement is comprised of two components, being 'net result from transactions' (or 'net operating balance') and 'other economic flows' included in the net result. The sum of the two represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 presentation of financial statements.

Balance sheet

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

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

Statement of changes in equity

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

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

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

(e) Income from transactions

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

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

Revenue

Revenue is recognised on an accrual basis in accordance with accounting standard AASB 118. Landfill levies, such as Prescribed Industrial Waste levy, received during the year, are recorded in the year the revenue was earned. Levies for which land fill operators have not yet submitted returns at the end of the financial year, are recorded as accrued revenue.

Amendments made to the *Environment Protection Act 1970* through the *Environment Protection and Sustainability Victoria Amendment Act 2014* (effective 1 July 2015), legislated the transfer of the Sustainability Fund from the Authority and responsibility for the distribution, but not collection, of M&I Landfill levies, to the Department.

As the Authority is no longer in control of the M&I levy and is not receiving gross inflows of the economic benefits, it can no longer recognise the funds received as revenue in accordance with AASB 118 (8). As a result, the Authority now recognises the receipt of the levy as Administered assets and subsequent transfer to the Department as Administered liabilities, which are disclosed in its Notes to the accounts (Notes 3 and 27(a)).

Interest income

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.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported as part of income from economic flows.

(f) Expenses from transactions

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

Employee expenses

Refer to the section in Note 1(k) regarding employee benefits.

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

Superannuation - State superannuation defined benefit plans

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

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

Depreciation and amortisation

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

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

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

Asset class	Method	Useful life
Buildings leasehold improvements	straight line	5 - 25 years
Plant and equipment	straight line	5 - 20 years
Leased motor vehicles	straight line	2 - 3 years

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

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

Intangible assets are measured at cost less accumulated amortisation and impairment. Capitalised software costs are amortised on a straight-line basis over their useful lives of 3 to 10 years for both current and prior years. The most recent significant addition is the SAP Customer Relationship Management System (SAP-CRM) which has been determined to have a useful life of 10 years.

Interest expense

Interest expense is recognised in the period in which it is incurred. Refer to glossary of terms in Note 28 for an explanation of interest expense items.

Grant and other expense transfers

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

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. These expenses comprise contracted services, agency costs, shared services management fees, occupancy costs, and supplies and services.

(g) Other economic flows included in net result

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

Net gain/(loss) on non-financial assets

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

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

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

Disposal of non-financial assets

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

Impairment of non-financial assets

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

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

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

Other gains/(losses) on financial instruments

Other gains/(losses) on financial instruments include the gains or losses on the revaluation of investments as a result of movements in equity prices and crystallisation of realised gains during the course of the year.

Other gains/(losses) from other economic flows

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

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

(h) Administered items

Taxes, fines and regulatory fees

The Authority collects Prescribed Industrial Waste levies, Litter fines, Environment Audit Fees and Licence Fees on its own behalf, but all other taxes, fines and regulatory fees are collected on behalf of the State. The Authority's financial statements do not recognise transactions and balances on behalf of the State in the body of the financial statements. Accordingly, transactions and balances relating to administered items are not recognised as departmental income, expenses, assets or liabilities in the body of the financial statements, but are disclosed in Note 3.

(i) Financial assets

Cash and deposits

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.

Managed investments

Managed investments consist of funds invested with the Victorian Funds Management Corporation Capital Stable Fund and is classified as a financial asset. The Fund invests in a combination of asset classes which include cash deposits, fixed term deposits and equities which are subject to movements in equity prices.

Receivables

Receivables include statutory and contractual amounts. Statutory receivables include amounts owing from the Victorian Government, debtors in relation to fines and regulatory fees, Prescribed Industrial Waste levy and GST input tax credits recoverable. Contractual receivables include debtors in relation to goods and services and accrued investment income.

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

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

Impairment of financial assets

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

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

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

Impairment of intangible assets

The Authority completes an impairment review of its intangible assets on an annual basis. The review takes the form of an analysis of the net cash flow position from the operating activities associated against the intangible assets.

(j) Non-financial assets

Non-financial assets classified as held-for-sale

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

Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 8 Property, plant and equipment.

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

Leasehold improvements

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

Non-current physical assets arising from finance leases

Refer to Note 1(I) Leases.

Revaluation of non-current assets

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

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

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

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

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

Intangible assets

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

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 depreciation/ amortisation and impairment.

Other non-financial assets

Prepayments

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

(k) Liabilities

Payables

Payables include contractual and statutory amounts. Contractual payables consist of accounts payable and other sundry liabilities. Statutory payables consist of financial assurance held to offset potential cleanup costs. Accounts payable represent liabilities for goods and services provided to the Authority prior to the end of the financial year that are unpaid, and arise when the Authority becomes obliged to make future payments in respect of the purchase of those goods and services.

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

(k) Liabilities (continued)

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

Borrowings

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

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

Provisions

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

The amount recognised as a provision, is the best estimate of the consideration required to settle the present obligation at reporting 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.

Employee benefits

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

Wages and salaries, annual leave

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 the settlement of these liabilities.

- 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.

Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

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

Termination benefits

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

Employee benefits on-costs

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

(l) Leases

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

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

Finance leases

Authority as lessee

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

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

Operating leases

Authority as lessee

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

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

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

(m) Equity

Contributions by owners

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

During the course of the year, the Authority received \$779,889 for rapid response air monitoring equipment; and \$163,000 for smoke detection infrastructure. These amounts were received from the Department, and have been reported as a contributed capital transfer, as required by FRD 119A - Transfers through Contributed Capital, under the *Financial Management Act 1994* (30 June 2015: \$312,000).

(n) Commitments

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

(o) Contingent assets and contingent liabilities

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

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

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

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

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

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

(q) Rounding of amounts

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

(r) Australian Accounting Standards (AASs) issued that are not yet effective

Certain new Australian Accounting Standards (AASs) have been published that are not mandatory for the 30 June 2016 reporting period. DTF assesses the impact of these new standards and advises the Authority of their applicability and early adoption where applicable.

The table below highlights applicable Australian accounting standards that are issued but not effective for the 2015-16 reporting period in accordance with paragraph 30 of AASB 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

Standard/interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Authority's financial statements
AASB 9 <i>Financial instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment when incurred.	1 January 2018	The assessment has identified that the financial impact of available-for-sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> the change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	1 January 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge For entities with significant lending activities, an overhaul of related systems and processes may be needed. While the preliminary assessment has not identified any material impact arising from AASB 2010-7, it will continue to be monitored and assessed.

Standard/ interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Authority's financial statements
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 January 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 15 <i>Revenue from contracts with customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer	1 January 2018	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosure on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods.</p> <p>Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening retained earnings if there are no former performance obligations outstanding.</p> <p>Detail of the impact is still being assessed by the Authority. Minimal impact is expected as licence fees are not paid over multiple reporting periods.</p>
AASB 2015-8 <i>Amendments to Australian Accounting Standards - Effective Date of AASB 15</i>	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 January 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 <i>Amendments to Australian Accounting Standards - Clarifications to AASB 15</i>	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> • a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and 	1 January 2018	The assessment has indicated that there will be no significant impact for the Authority, other than the impact identified in AASB 15.

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Standard/interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Authority's financial statements
AASB 2016-3 (continued)	<ul style="list-style-type: none"> for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 		
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet as a result of the change, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>
AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 <i>Impairment of Assets</i> to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 January 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 <i>Fair Value Measurement</i> is the same as the depreciated replacement cost concept under AASB 136.

Note 2. Authority (controlled) outputs

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

Note 3. Administered (non-controlled) items

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

In respect to M&I Landfill levy, the Authority does not control the revenue and acts as an agent to the Department who recognise the revenue. The Authority recognises amounts collected and payable to the Department as assets and liabilities determined on an accrual basis.

The total amount collected and on-passed to the Department was \$150.93 million.

	(\$ thousand)	
	2016	2015
Administered income from transactions		
Regulatory fees	14,769	14,933
Miscellaneous	2,716	2,264
Fines	399	481
User charges	248	252
Total administered income from transactions	18,132	17,930
Administered expenses from transactions		
Payments into the consolidated fund	(19,229)	(17,600)
Total administered expenses from transactions	(19,229)	(17,600)
Administered net result from transactions (net operating balance) for the year	(1,097)	330
Administered other economic flows included in administered net result		
Net gain/(loss) on receivables	(22)	(90)
Total administered other economic flows included in administered net result	(22)	(90)
Total administered comprehensive result for the year	(1,119)	240
Administered financial assets		
Receivables	50,591	2,205
Accrued revenue	47,945	-
Total administered financial assets	98,536	2,205
Total administered assets	98,536	2,205
Administered liabilities		
Creditors and accruals (i)	97,464	-
Unearned income	(1)	(2)
Total administered liabilities	97,463	(2)
Total administered net assets	1,073	2,207

Notes:

(i) M&I Landfill levies owing to the Department, following the enactment of the *Environment Protection and Sustainability Victoria Amendment Act 2014*.

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 4. Income from transactions

	(\$ thousand)	
	2016	2015
(a) Revenue		
Municipal and Industrial Landfill levy (i)	-	195,860
Landfill levy penalty interest	-	9
Licence levy	353	361
Prescribed Industrial Waste levy	21,822	27,392
Interest from financial assets - public sector	1,224	5,638
Interest and holding gains from financial assets - non-public sector	11,843	9,561
Litter fines	4,569	5,293
Miscellaneous	238	502
Environment audit fees	426	396
Total income from the Environment Protection Trust Fund	40,475	245,012
(b) Other income - grants		
Grants from departments	50,702	6,559
Total other income	50,702	6,559

Notes:

- (i) As a consequence of the transfer of the Sustainability Fund from the Authority to the Department as at 1 July 2015, the Authority can no longer recognise M&I levies as revenue. This change has a significant impact on the comparability of 2016 and 2015 revenue.

Note 5. Expenses from transactions

	(\$ thousand)	
	2016	2015
(a) Employee expenses		
Salary and associated costs	38,677	34,249
Post-employment benefits:		
Defined contribution superannuation expense	2,936	2,575
Defined benefit superannuation expense	339	361
Total employee expenses	41,952	37,185
(b) Grants and other expense transfers		
Grants to Victorian Government entities within portfolio (i)	2,715	27,042
Grants to Victorian Government entities outside portfolio	3	1
Grants to external organisations (i)	2,917	31,094
Total grants and other expense transfers	5,635	58,137
(c) Depreciation and amortisation		
Depreciation:		
Building leasehold improvements	1,077	1,004
Motor vehicles under lease	421	425
Plant and equipment	858	1,027
Total depreciation	2,356	2,456
Amortisation:		
Software (i)	2,048	2,107
Total amortisation	2,048	2,107
Total depreciation and amortisation	4,404	4,563
(d) Interest expense		
Interest on finance leases	78	84
Total interest expense	78	84
(e) Other operating expenses		
Contracted services	6,430	5,643
Agency costs	1,945	2,587
Shared services management fee	1,737	2,116
Occupancy and utilities	2,008	1,856
Supplies and services	8,080	6,595
Victorian Auditor-General's Office - audit or review of the financial statements	54	53
Operating lease rental expenses:		
Lease payments	2,510	2,465
Total other expenses	22,764	21,315

Notes:

(i) As a consequence of the transfer of the Sustainability Fund from the Authority to the Department as at 1 July 2015, the Authority no longer has responsibility for making grants from that Fund. This change has a significant impact on the comparability of 2016 and 2015 grants and expenses balances

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 6. Other economic flows included in net result

		(\$ thousand)	
	Notes	2016	2015
(a) Net gain/(loss) on non-financial assets			
Net gain/(loss) on disposal of property, plant and equipment		55	153
Total net gain/(loss) on non-financial assets		55	153
(b) Net gain/(loss) on statutory receivables			
Impairment of statutory receivables		(1,397)	(1,344)
Impairment of landfill levy receivables		-	(4)
Total net gain/(loss) on statutory receivables		(1,397)	(1,348)
(c) Net gain/(loss) on financial instruments			
Net gain/(loss) on financial instruments		(9,743)	(1,052)
Total net gain/(loss) on financial instruments		(9,743)	(1,052)
(c) Other gains/(losses) from other economic flows			
Net gain/(loss) arising from revaluation of long service leave liability		(309)	283
Unwinding of provisions	14(b)	(56)	(53)
Total other gains/(losses) from other economic flows		(365)	230

Note 7. Receivables

	(\$ thousand)	
	2016	2015
Current receivables		
Statutory		
Amounts owing from Victorian Government	15,229	31,813
Fines and regulatory fees	10,056	7,951
Allowance for doubtful debts (See also Note 7(a) below)	(2,819)	(2,316)
Amounts owing from Sector departments	6,924	-
Accrued revenue - Environment Protection Fund (i), (ii)	5,566	53,025
GST Input tax credit recoverable	278	370
	35,234	90,843
Contractual		
Trade debtors	4,470	3,418
Amounts owing from Commonwealth Government	543	261
Interest receivable	249	1,312
	5,262	4,991
Total current receivables	40,496	95,834
Non-current receivables		
Contractual		
Amounts owing from Commonwealth Government	198	595
Total non-current receivables	198	595
Total receivables	40,694	96,429

Notes:

- (i) Accrued revenue is comprised of estimated Prescribed Industrial Waste levies. Revenue for M&I Landfill levies is no longer accrued by the Authority, with legislative responsibility transferring to the Department from 1 July 2015.
- (ii) Accrued revenue includes amounts of levies which remain unpaid at 30 June 2016. Management has assessed these outstanding amounts and believes they are fully recoverable by the Authority

(a) Movement in the provision for doubtful statutory receivables

	(\$ thousand)	
	2016	2015
Balance at beginning of the year	(2,316)	(2,458)
Reversal of provision for receivables written-off during the year as uncollectible	894	1,486
Increase in provision recognised in the net result	(1,397)	(1,344)
Balance at end of the year	(2,819)	(2,316)

(b) Ageing analysis of contractual receivables

Please refer to Table 19.3 in Note 19 for the ageing analysis of contractual receivables.

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

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

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 8. Property, plant and equipment

Table 8.1: Classification by 'Public Safety and Environment' purpose group - gross carrying amounts and accumulated depreciation

	(\$ thousand)	
	2016	2015
Buildings leasehold improvements		
At fair value (i) (iii)	13,193	7,491
Less: accumulated depreciation	(7,787)	(2,689)
At fair value (ii)	9,295	9,567
Less: accumulated depreciation	(4,652)	(3,886)
Total buildings leasehold improvements	10,049	10,483
Plant and equipment		
At fair value (ii) (iii)	14,624	16,773
Less: accumulated depreciation	(10,308)	(13,225)
Total plant and equipment	4,316	3,548
Work in progress		
At cost	1,458	573
Total	1,458	573
Leased vehicles		
At fair value	2,149	2,096
Less: accumulated depreciation	(628)	(586)
Total leased vehicles	1,521	1,510
Net carrying amount of property, plant and equipment	17,344	16,114

Notes:

- (i) During the year, an independent valuation of the Authority's building leasehold assets 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. The valuation assumptions included envisaging reconstruction to a modern equivalent standard, shoring and temporary protection of adjoining buildings where appropriate. Any revaluation increment arising on the revaluation of an asset has been 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.
- (ii) 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 depreciated replacement cost. Therefore, the depreciated replacement cost has been considered as fair value for plant and equipment as at 30 June 2016.
- (iii) The Authority transferred one building fit-out asset with a fair value of \$3.4 million (fully depreciated) from plant and equipment to building leasehold improvements at 1 July 2015. The asset was subsequently included in the independent valuation of the Authority's building leasehold assets at 30 June 2016.

Table 8.2: Classification by 'Public Safety and Environment' purpose group - movements in carrying amounts

(\$ thousand)					
2016	Buildings leasehold improvements at valuation and fair value	Plant and equipment at fair value	Leased vehicles at fair value	Work in progress	Total
Opening balance	10,483	3,548	1,510	573	16,114
Additions	-	1,633	692	1,458	3,783
Disposals	(2)	(7)	(239)	-	(248)
Adjustments to asset					
Revaluation surplus	904	-	-	-	904
Write offs	(259)	-	-	-	(259)
Transfer to:					
non-financial assets held-for-sale	-	-	(21)	-	(21)
Building lease improvements	-	-	-	-	-
Plant and equipment	-	-	-	(573)	(573)
Depreciation	(1,077)	(858)	(421)	-	(2,355)
Closing balance	10,049	4,316	1,521	1,458	17,344
2015					
Opening balance	10,625	3,972	1,361	2,527	18,485
Additions	862	607	931	573	2,973
Disposals	-	(4)	(333)	-	(337)
Transfer to:					
other government department	-	-	(24)	-	(24)
Plant and equipment	-	-	-	(1,674)	(1,674)
Building lease improvements	-	-	-	(853)	(853)
Depreciation	(1,004)	(1,027)	(425)	-	(2,456)
Closing balance	10,483	3,548	1,510	573	16,114

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 8. Property, plant and equipment (continued)

Table 8.3 Fair value measurement hierarchy for assets as at 30 June 2016

(\$ thousand)				
	Carrying amounts as at 30 June 2016	Fair value measurement at the end of the reporting period using		
		Level 1	Level 2	Level 3
Buildings leasehold improvements	10,049	-	-	10,049
Plant and equipment	4,316	-	-	4,316
Leased vehicles	1,521	-	-	1,521

(\$ thousand)				
	Carrying amounts as at 30 June 2015	Fair value measurement at the end of the reporting period using		
		Level 1	Level 2	Level 3
Buildings leasehold improvements	10,483	-	10,483	-
Plant and equipment	3,548	-	-	3,548
Leased vehicles	1,510	-	-	1,510

Table 8.4 Reconciliation of Level 3 fair value movements

(\$ thousand)			
	Buildings leasehold improvements	Plant and equipment	Leased vehicles
2016			
Opening balance	-	3,548	1,510
Purchases	-	1,633	692
Disposals	(261)	(7)	(239)
Transfers in (out) of Level 3 (i)	10,483	-	-
Adjustment to asset revaluation surplus	904	-	-
Depreciation	(1,077)	(858)	(421)
Transfer assets held-for-sale	-	-	(21)
Closing balance	10,049	4,316	1,521
2015			
Opening balance	-	3,972	1,361
Purchases	-	607	931
Disposals	-	(4)	(333)
Transfers in (out) of Level 3	-	-	-
Depreciation	-	(1,027)	(425)
Transfer assets held-for-sale	-	-	(24)
Closing balance	-	3,548	1,510

Notes:

(i) Building leasehold improvements were re-classified as level 3 in the fair value hierarchy defined in AASB 13 as a result of the independent valuation performed during the year.

Table 8.5 Description of significant unobservable inputs to Level 3 valuations

2016	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Buildings leasehold improvements	Depreciated replacement cost	Building costs	\$1,000-\$10,000,000 per unit (\$35,000 average)	A significant increase or decrease in replacement cost of the asset would result in a significantly higher or lower fair value.
Buildings leasehold improvements		Useful life of buildings	5-25 years (11 years average)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Vehicles	Depreciated replacement cost	Cost per unit	\$22,000-\$50,000 per unit (\$35,000 Average)	A significant increase or decrease in cost per unit would result in significantly higher or lower fair value
		Useful life of vehicles	2-3 years (3 years average)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Cost per unit	\$1,000-\$875,000 per unit (\$11,000 average)	A significant increase or decrease in cost per unit would result in significantly higher or lower fair value
		Useful life of plant and equipment	5-20 years (7 years average)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
2015	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Vehicles	Depreciated replacement cost	Cost per unit	\$23,000-\$50,000 per unit (\$37,000 average)	A significant increase or decrease in cost per unit would result in significantly higher or lower fair value
		Useful life of vehicles	2-3 years (3 years average)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Cost per unit	\$1,000-\$100,000 per unit (\$10,000 average)	A significant increase or decrease in cost per unit would result in significantly higher or lower fair value
		Useful life of plant and equipment	2-20 years (11 years average)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Building leasehold improvements

Buildings are valued using depreciated replacement cost method and are therefore considered to be Level 3 in the fair value hierarchy. Depreciation rates are reflective of expected lives.

Vehicles

Vehicles are valued using depreciated replacement cost method and are 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

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that is rarely sold other than as part of a going concern, fair value is determined using depreciated 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 2016. For all assets measured at fair value, the current use is considered the highest and best use.

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 9. Intangible assets

	(\$ thousand)	
	2016	2015
Gross carrying amount at cost		
Opening balance	20,660	19,177
Additions to software	15	1,748
Disposals of software	-	(265)
Closing balance	20,675	20,660
Accumulated amortisation		
Opening balance	(5,721)	(3,880)
Amortisation expense (i)	2,048	(2,106)
Disposals	-	265
Closing balance	(7,769)	(5,721)
Net book value at the end of the financial year	12,906	14,939

Notes:

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

Significant intangible assets

The Authority had previously capitalised the development of its SAP Customer Relationship Management System (SAP-CRM). The asset has a \$12.8 million carrying amount (2015: \$14.6 million). The system has been amortised over 10 years based on the expected useful life.

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

	(\$ thousand)	
	2016	2015
Non-current assets		
Leased vehicles held-for-sale (i) - opening balance	-	34
Assets identified for disposal during the year	21	-
Assets disposals	-	(34)
Total non-current assets classified as held-for-sale	21	-

Notes:

(i) Leased vehicles held-for-sale represents 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.

Note 11. Other non-financial assets

	(\$ thousand)	
	2016	2015
Current other assets		
Prepayments	408	205
Total current other assets	408	205
Total other non-financial assets	408	205

Note 12. Borrowings

	(\$ thousand)	
	2016	2015
Current borrowings - secured		
Finance lease liabilities (i)	671	575
Total current borrowings	671	575
Non-current borrowings - secured		
Finance lease liabilities (i)	885	949
Total non-current borrowings	885	949
Total borrowings	1,556	1,524

Notes:

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

(a) Maturity analysis of borrowings

Please refer to Table 19.4 in Note 19 for the ageing analysis of borrowings

(b) Nature and extent of risk arising from borrowings

Please refer to Note 19 for the nature and extent of risk arising from borrowings

(c) Defaults and breaches

During the current and prior year, there were no defaults and breaches of any of the loans.

Note 13. Payables

	(\$ thousand)	
	2016	2015
Current payables - unsecured		
Contractual		
Trade creditors	1,498	2,111
Accruals	1,999	3,167
Salaries and other employee entitlements	1,682	963
Total current payables	5,179	6,241
Non-current payables - unsecured		
Contractual		
Trade creditors	1,385	1,473
Statutory		
Financial assurance cash deposits (i)	51	51
Total non-current payables	1,436	1,524
Total payables	6,615	7,765

Notes:

(i) Assurances are held to offset potential cleanup costs which may be incurred by the Authority. Clients have the option of lodging either cash deposits or bank guarantees. Note 19(e) shows details of bank guarantees held at 30 June 2016.

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 13. Payables (continued)

(a) Maturity analysis of contractual payables

Please refer to Table 19.3 in Note 19 for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Please refer to Note 19 for the nature and extent of risk arising from contractual payables.

Note 14. Provisions

		(\$ thousand)	
	Notes	2016	2015
Current provisions			
Employee benefits - annual leave	14(a)	3,230	3,033
Employee benefits - long service leave:			
Unconditional and expected to be settled within 12 months (i)	14(a)	501	544
Unconditional and expected to be settled after 12 months (i)	14(a)	3,547	3,388
		7,278	6,965
Provisions related to employee benefit on-costs:			
Unconditional and expected to be settled within 12 months (i)	14(a)	79	86
Unconditional and expected to be settled after 12 months (i)	14(a)	558	534
		637	620
Site remediation, disposal of chemical stockpile and levy rebate (ii)	14(b)	1,959	1,324
Total current provisions		9,874	8,909
Non-current provisions			
Employee benefits (i)	14(a)	977	907
Employee benefits on-costs (i)	14(a)	154	143
Site remediation, disposal of chemical stockpile (ii)	14(b)	1,012	1,704
Site restoration of leasehold improvement (i)	14(b)	1,139	1,083
Total non-current provisions		3,282	3,837
Total provisions		13,156	12,746

Notes:

(i) The amounts disclosed are discounted to present values.

(ii) The amounts disclosed are nominal amounts.

(a) Employee benefits and related on-costs

	(\$ thousand)	
	2016	2015
Current employee benefits		
Annual leave entitlements	3,230	3,033
Long service leave entitlements	4,687	4,552
Total current employee benefits	7,917	7,585
Non-current employee benefits		
Long service leave entitlements	1,130	1,050
Total non-current employee benefits	1,130	1,050
Total employee benefits	9,047	8,635
Current on-costs	629	621
Non-current on-costs	153	143
Total on-costs	782	764
Total employee benefits and related on-costs	9,829	9,399

(b) Movements in other provisions

(\$ thousand)			
	Site remediation and disposal of chemical stockpile and other provisions	Site restoration of leasehold improvement	Total
	2016	2016	2016
Opening balance	3,028	1,083	4,111
Additional provisions recognised	567	-	567
Reduction arising from payments/other sacrifices of future economic benefits	(624)	-	(624)
Reduction resulting from re-measurement	-	-	-
Unwind of discount and effect of changes in the discount rate	-	56	56
Closing balance	2,971	1,139	4,110
	2015	2015	2015
Opening balance	6,133	1,030	7,163
Additional provisions recognised	327	-	327
Reduction arising from payments/other sacrifices of future economic benefits	(894)	-	(894)
Reduction resulting from re-measurement	(2,538)	-	(2,538)
Unwind of discount and effect of changes in the discount rate	-	53	53
Closing balance	3,028	1,083	4,111

Site remediation and disposal of chemical stockpile

The Authority holds chemicals and dangerous goods stockpiles from two sources and an interest in site remediation:

1) Chemicals from the Chemcollect program, a chemical collection program run under joint agreement between the Commonwealth and State governments. Under this agreement the Authority can recover 50 per cent of the costs associated with this project. The estimated cost of disposing the remaining chemicals as at 30 June 2016 is \$1.79 million (2015: \$1.87 million).

2) The Authority continues to hold a stockpile of dangerous goods (chemicals) collected as part of a rural chemical collection program, run by the former Melbourne Metropolitan Board of Works. The estimated cost of disposing of these chemicals as at 30 June 2016 is \$0.78 million (2015: \$0.83 million).

(b) Movements in other provisions

3) The Authority has continued its work with a local council in relation to a remediation of a contaminated site. The total cost of the remaining remediation is estimated to be \$0.4 million (2015: \$0.38 million). Refer to Contingent liabilities (Note 18).

Site restoration of leasehold improvement

The provision for site restoration of leasehold improvement represents the present value of the future payments that the Authority is presently obligated to make in respect of make good clauses under non-cancellable operating lease agreements. The estimate will vary if the Authority exercises its option to a further term. The unexpired term of the lease varies up to a maximum of 15 years.

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 15. Superannuation

Employees of the Authority are entitled to receive superannuation benefits and the Authority contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

The Authority does not recognise any defined benefit liability in respect of the plans because the Authority has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. DTF recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the net result of the Authority.

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

Fund	(\$ thousand)			
	Paid contribution for the year		Contribution outstanding at year end	
	2016	2015	2016	2015
Defined benefit plans: (i)				
Emergency Services and State Superannuation Fund (ESS) - new scheme	192	205	-	-
Emergency Services and State Superannuation Fund (ESS) - revised	91	127	-	-
Emergency Services and State Superannuation Fund (ESS) - Accumulation Scheme	56	29	-	-
Other	0	0	-	-
Total defined benefit plans	339	361	-	-
Defined contribution plans:				
Vic Super	2,089	1,964	-	-
Other	847	611	-	-
Total defined contribution plans	2,936	2,575	-	-
Total	3,275	2,936	-	-

Notes:

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

Note 16. Leases

Leasing arrangements

Operating leases

The Authority has entered into a number of operating lease agreements where the lessors effectively retain the risks and benefits incidental to ownership of the leased items. Lease payments are charged to the net result over the lease term as payments made are representative of the pattern of benefits derived.

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are:

	(\$ thousand)	
	2016	2015
Non-cancellable operating lease payables		
Not longer than one year	2,762	2,432
Longer than one year and not longer than five years	11,476	9,971
Longer than five years	826	3,341
Total	15,064	15,744

Finance leases

Under the DTF's vehicle leasing policy, vehicles leased after 1 February 2004 are subject to finance lease arrangements, where the Authority retains the risks and benefits incidental to ownership of these leased vehicles.

	Notes	(\$ thousand)			
		Minimum future lease payments (i)		Present value of minimum future lease payments	
		2016	2015	2016	2015
Finance lease liabilities payable					
Not longer than one year		722	636	671	575
Longer than one year and not longer than five years		912	987	885	949
Longer than five years	-	-	-	-	-
Minimum future lease payments		1,634	1,623	1,556	1,524
Less: future finance charges		(78)	(99)	-	-
Present value of minimum lease payments		1,556	1,524	1,556	1,524
Included in the financial statements as:					
Current borrowings lease liabilities	12			671	575
Non-current borrowings lease liabilities	12			885	949
Total borrowings lease liabilities				1,556	1,524

Notes:

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

(a) Maturity analysis of finance lease liabilities

Please refer to Table 19.4 in Note 19 for the ageing analysis of finance lease liabilities.

(b) Nature and extent of risk arising from finance lease liabilities

Please refer to Note 19 for the nature and extent of risk arising from finance lease liabilities.

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 17. Commitments for expenditure

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

	(\$ thousand)	
	2016	2015
Capital expenditure commitments (i)		
Property, plant and equipment payable		
Not longer than one year (ii)	46	213
Longer than one year and not longer than five years	-	-
Longer than five years	-	-
Total capital expenditure commitments	46	213
Other expenditure commitments (i)		
Payable		
Not longer than one year	803	1,906
Longer than one year and not longer than five years (iii)	5,019	1,163
Longer than five years	-	-
Total other expenditure commitments	5,822	3,069

Notes:

(i) All amounts shown in the commitments Note are nominal amounts inclusive of GST.

(ii) Finance lease and non-cancellable operating lease commitments are disclosed in Note 16.

(iii) A significant contract for provision of call centre services was awarded in November 2015 for a total of \$5.5 million over three years.

Note 18. Contingent assets and contingent liabilities

Contingent assets

In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, contingent assets are disclosed when settlement is probable but not virtually certain. There were no contingent assets for the Authority at 30 June 2016.

Contingent liabilities

The Authority has the following contingent liabilities:

- 1) The Authority is currently contesting a claim in the Supreme Court relating to the rejection of a recycling rebate of waste deposited into a landfill received from a landfill operator. Mediation between the operator and the Authority has commenced but as yet is not finalised. Like any other party to civil legislation, the Authority may be required to pay damages and other party costs if the Authority is unsuccessful. In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, the Authority has not disclosed the value of matters on the grounds that it may seriously prejudice the outcome of the claim. The Authority believes it has acted in accordance with the EP Act and is defending the claim.
- 2) At 30 June 2016, 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.
- 3) The Authority has recognised a liability for works related to several contaminated sites (Note 14(b)). On completion of the works, the Authority may have a further unquantified obligation, dependent upon subsequent tests and community negotiation. Therefore, quantification of the financial effect, if any, cannot be reliably estimated and therefore impractical to do so.

Note 19. Financial instruments

(a) Financial risk management objectives and policies

The Authority's principal financial instruments comprise:

- cash assets
- term deposits
- receivables (excluding statutory receivables)
- investments in managed schemes
- payables (excluding statutory payables)
- finance lease payables.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability above are disclosed in Note 1 to the financial statements.

The carrying amounts of the Authority's contractual financial assets and financial liabilities by category are in Table 19.1 below.

Table 19.1: Categorisation of financial instruments

(\$ thousand)				
	Category	Note	2016	2015
Contractual financial assets				
Cash and cash equivalents	Not applicable	20(a)	36,462	275,140
Investments in Managed Fund	Fair value	19.7	61,522	191,265
Receivables	Loans and receivables	7	5,460	5,586
Total contractual financial assets (i)			103,444	471,991
Contractual financial liabilities				
Payables	Financial liabilities at amortised cost	13	6,564	7,714
Finance lease liabilities	Financial liabilities at amortised cost	12, 16	1,556	1,524
Total contractual financial liabilities (ii)			8,120	9,238

Note:

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

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. taxes payable).

Table 19.2: Net holding gain/loss on financial instruments by category

(\$ thousand)			
2016	Net holding gain/(loss)	Total interest income/(expense)	Total
Financial assets designated at fair value through profit/loss	(9,743)	11,843	2,100
Total contractual financial assets	(9,743)	11,843	2,100
2015			
Financial assets designated at fair value through profit/loss	(1,052)	9,561	8,509
Total contractual financial assets	(1,052)	9,561	8,509

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 19. Financial instruments (continued)

(b) Credit risk

The Authority's exposure to credit risk arises from the potential default of counter parties on their contractual obligations resulting in financial loss to the Authority. The credit risk on financial assets of the Authority, which have been recognised on the balance sheet, is generally the carrying amount net of any provisions for doubtful debts.

Maximum exposure to credit risk is the carrying amounts of financial assets.

As at the reporting date, there is no evidence to indicate that any of the financial assets were impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of financial assets that are past due but not impaired:

Table 19.3: Ageing analysis of contractual financial assets(i)

(\$ thousand)							
2016	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3 months-1 year	1-5 years	
Cash and cash equivalents	36,462	36,462	-	-	-	-	-
Receivables:							
Trade debtors	4,470	4,470	-	-	-	-	-
Receivables from Commonwealth Government	741	741	-	-	-	-	-
Interest receivables	249	249	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Total	41,922	41,922	-	-	-	-	-
2015							
Cash and cash equivalents	275,140	275,140	-	-	-	-	-
Receivables:							
Trade debtors	3,418	1,918	-	1,500	-	-	-
Receivables from Commonwealth Government	856	856	-	-	-	-	-
Interest receivables	1,312	1,312	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Total	280,726	279,226	-	1,500	-	-	-

Notes:

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. Amounts owing from Victorian Government and GST input tax credit recoverable).

(c) Liquidity risk

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority operates under the government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, makes payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high-quality liquid assets.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

The following table discloses the contractual maturity analysis for the Authority's financial liabilities:

Table 19.4: Maturity analysis of contractual financial liabilities(i)

(\$ thousand)							
2016	Carrying amount	Nominal amount	Maturity Dates				
			Less than 1 month	1-3 months	3 months-1 year	1-5 years	5+ years
Payables (ii):							
Trade creditors	2,883	2,883	1,352	19	128	1,263	121
Accruals	1,999	1,999	1,999	-	-	-	-
Salaries and other employee entitlements	1,682	1,682	1,682	-	-	-	-
Borrowings:							
Finance lease liabilities	1,556	1,634	121	93	508	912	-
Total	8,120	8,198	5,154	112	636	2,175	121
2015							
Payables (ii):	3,584	3,584	1,996	103	12	-	1,473
Trade creditors	3,167	3,167	3,167	-	-	-	-
Accruals							
Salaries and other employee entitlements	963	963	963	-	-	-	-
Borrowings:							
Finance lease liabilities	1,524	1,622	91	114	430	987	-
Total	9,238	9,336	6,217	217	442	987	1,473

Notes:

(i) Maturity analysis is presented using the contractual undiscounted cash flows.

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

(d) Market risk

The Authority's exposures to market risk are primarily through interest rate and equity risks with only 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 is exposed to equity price risk through its investment in the Victorian Funds Management Corporation Capital Stable Fund. The fund manager, on behalf of the Authority, closely monitors performance and manages equity price risk through diversification of its investment portfolio. The Authority's sensitivity to equity is detailed in Table 19.7.

Foreign currency risk

The Authority is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

The Authority manages its risk through monitoring of movements in exchange rates against US dollars and ensures availability of funds through rigorous cash flow planning and monitoring. Based on past and current assessment of economic outlook, it is deemed unnecessary for the Authority to enter into any hedging arrangements to manage the risk.

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 19. Financial instruments (continued)

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.

Table 19.5: Interest rate exposure of contractual financial instruments

(\$ thousand)					
2016	Weighted average interest rate %	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
Financial assets					
Cash and cash equivalents	2.20	36,462	35,284	1,171	7
Receivables:					
Trade debtors		4,470	-	-	4,470
Receivables from Commonwealth Government		741	-	-	741
Interest receivables	2.20	249	249	-	-
Total financial assets		41,922	35,533	1,171	5,218
Financial liabilities					
Payables		6,564	-	-	6,564
Finance lease liabilities	5.41	1,556	1,556	-	-
Total financial liabilities		8,120	1,556	-	6,564
2015					
Financial assets					
Cash and cash equivalents	2.20	275,140	274,048	1,384	(292)
Receivables:					
Trade debtors		3,418	-	-	3,418
Receivables from Commonwealth Government		856	-	-	856
Interest receivables	2.20	1,312	1,312	-	-
Total financial assets		280,726	275,360	1,384	3,982
Financial liabilities					
Payables		7,714	-	-	7,714
Finance lease liabilities	5.41	1,524	1,524	-	-
Total financial liabilities		9,238	1,524	-	7,714

Sensitivity disclosure analysis and assumptions

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Authority believes the following movements are 'reasonably possible' over the next 12 months.

- A movement of 25 basis points up and down (2015: 25 basis points up and down) in market interest rates (AUD) from year-end rates of 1.7 per cent (2015: 1.95 per cent).

Table 19.6: Market risk exposure

(\$ thousand)					
2016	Carrying amount	Interest rate risk			
		- 25 basis points		+ 25 basis points	
		Net result	Equity	Net result	Equity
Contractual financial assets:					
Cash and cash equivalents (i)	36,462	(3)	(3)	3	3
Receivables	5,460	-	-	-	-
Contractual financial liabilities:					
Payables	6,564	-	-	-	-
Finance lease liabilities	1,556	-	-	-	-
Total impact	50,042	(3)	(3)	3	3
2015		- 25 basis points		+ 25 basis points	
Contractual financial assets:					
Cash and cash equivalents (i)	275,140	3	3	(3)	(3)
Receivables	5,586	-	-	-	-
Contractual financial liabilities:					
Payables (ii)	7,714	-	-	-	-
Finance lease liabilities	1,524	-	-	-	-
Total impact	289,964	3	3	(3)	(3)

Notes:

(i) Cash and cash equivalents includes a deposit of \$1,171 thousand (2015 \$1,384 thousand) that is exposed to floating rate movements.

Sensitivities to these movements are calculated as follows:

- 2016: \$1,171 thousand x -0.0025 = -\$3 thousand; and \$1,171 thousand x +0.0025 = \$3 thousand
- 2015: \$1,384 thousand x -0.0025 = -\$3 thousand; and \$1,384 thousand x +0.0025 = \$3 thousand.

Table 19.7 Other price risk sensitivity

(\$ thousand)				
2016	Carrying amount as at 30 June 2016	Other price		
		-15%		+15%
		Net result		Net result
Contractual financial assets:				
Managed investments (i)	61,522	(1,846)		1,846
Total impact	-	(1,846)		1,846
2015				
Contractual financial assets:				
Managed investments (i)	191,265	(5,738)		5,738
Total impact	-	(5,738)		5,738

Notes:

- (i) Managed Investments include monies deposited with the Victorian Funds Management Corporation in the Capital Stable Fund. This is classified as a current financial asset. The Fund invests in a combination of asset classes which include cash deposits, fixed term deposits and equities which are subject to movements in equity prices. Investment held as at 30 June 2016 is \$61.52 million (2015: \$191.26 million). The Authority's exposure to equity risk refers to the Capital Stable Fund portfolio mix which equates to \$12.30 million (2015: \$38.25 million). Sensitivities to these movements are calculated as follows:
- 2016: \$12.30 million x -0.15 = -\$1.846 million; and \$12.30 million x 0.15 = \$1.846 million
 - 2015: \$38.25 million x -0.15 = -\$5.738 million; and \$38.25 x 0.15 = \$5.738 million.

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 19. Financial instruments (continued)

(e) Fair value

On-balance sheet

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

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists, or by discounting the expected future cash flows by current interest rates for assets and liabilities with similar risk profiles.

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

- Level 1 - the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are 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 instruments assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

Table 19.8 Financial assets measured at fair value

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
(\$ thousand)				
2016				
Contractual financial assets:				
Managed investments	61,522		61,522	
Total	61,522		61,522	
2015				
Contractual financial assets:				
Managed investments	191,265		191,265	
Total	191,265		191,265	

There have been no transfers between levels during the period.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale.

Managed investment scheme

The Authority invests in a managed investment Fund (Capital Stable Fund) with the Victorian Funds Management Corporation. In measuring fair value the Fund Manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investment, to ensure they are reasonable and appropriate and therefore the net asset value (NAV) of the funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the fund is adjusted, as necessary, to reflect restrictions and redemptions, future commitments and other specific factors of the fund.

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 \$155.5 million (2015: \$155.5 million).

The Authority has potential financial liabilities which may arise from certain contingencies disclosed in Note 18.

Note 20. Cash flow information

(a) Reconciliation of cash and cash equivalents

	(\$ thousand)	
	2016	2015
Cash at bank (i)	(1)	(300)
Cash on hand	8	8
Deposits held with Treasury Corporation of Victoria		
Investments - deposits at call	1,171	1,384
Investments - fixed term deposits	35,284	274,048
	36,462	275,140
Balance as per cash flow statement	36,462	275,140

Notes:

(i) The above funding arrangements often result in the Authority having a notional shortfall in the cash at bank required for payment of unrepresented cheques at the reporting date.

Investments

Investments comprise deposits held with the Treasury Corporation of Victoria. At call deposits have had a floating interest rate between 1.70% and 1.95% (2015: 1.95% and 2.45%). Fixed deposits have had an average interest bearing rate of 2.2% (2015: 2.2%)

Cash at bank

Due to the State of Victoria's investment policy and government funding arrangements, government departments (including the Authority) generally do not hold a large cash reserve in their bank accounts. Cash received by the Authority from the generation of revenue is generally paid into the State's bank account, known as the Public Account. Similarly, any Authority expenditure, including that in the form of cheques drawn by the Authority for the payment of goods and services to its suppliers and 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.

(b) Reconciliation of net result for the year to net cash flows from operating activities

	(\$ thousand)	
	2016	2015
Net result for the year	4,894	128,270
Non-cash movements:		
(Gain)/loss on sale or disposal of non-current assets	(55)	(153)
Depreciation and amortisation of non-current assets	4,404	4,563
Impairment of statutory receivables	1,397	1,348
Movements in assets and liabilities:		
(Increase)/decrease in receivables	54,338	(15,976)
(Increase)/decrease in other non-financial assets	(203)	184
Increase/(decrease) in payables	(1,115)	(5,884)
Increase/(decrease) in provisions	410	(2,355)
Net cash flows from operating activities	64,070	109,997

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 21. Reserves

	(\$ thousand)	
	2016	2015
Physical asset revaluation surplus (i)		
Balance at beginning of financial year	2,779	2,779
Revaluation increments/(decrements)	904	-
Balance at end of financial year	3,683	2,779

Notes:

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

Note 22. Ex-gratia payments

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 \$0.89 million (2015: \$1.48 million).

There were no other ex-gratia actions or payments other than those described in the preceding paragraph.

Note 23. Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Minister, Responsible Person and Accountable Officer in the Authority are as follows:

Minister for Environment, Climate Change and Water:

The Hon. Lisa Neville MP (1 July 2015 to 22 May 2016)

Minister for Energy, Environment and Climate Change:

The Hon. Lily D'Ambrosio MP (23 May 2016 to 30 June 2016)

Chairman:

Cheryl Batagol

Chief Executive and Accountable Officer:

Nial Finegan

Remuneration

Amounts relating to Minister are reported in the financial statements of the Department of Premier and Cabinet.

Remuneration received or receivable by the Chairman as Responsible Person in connection with duties associated with her role as the Chairman of the Authority during the reporting period was in the range:

\$120,000 - \$130,000 (2015: \$110,000 - \$120,000).

Remuneration received or receivable by the Accountable Officer (Chief Executive Officer) in connection with the management of the Authority during the reporting period was in the range:

\$280,000 - \$290,000 (2015: \$250,000 - \$259,999).

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

Note 24. Remuneration of executives

The numbers of executive officers, other than the Accountable officer and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

Several factors have affected total remuneration payable to executives over the year. A number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

Income band	Total remuneration(i)		Base remuneration(i)	
	2016 No.	2015 No.	2016 No.	2015 No.
<100,000*	-	2	-	2
\$100,000 - 109,999	-	-	-	-
\$110,000 - 119,999	-	-	-	-
\$120,000 - 129,999	-	-	-	-
\$130,000 - 139,999	-	-	-	-
\$140,000 - 149,999	-	-	-	-
\$150,000 - 159,999	-	-	1	-
\$160,000 - 169,999	1	1	-	1
\$170,000 - 179,999	-	-	-	-
\$180,000 - 189,999	-	-	-	-
\$190,000 - 199,999	-	-	-	1
\$200,000 - 209,999	-	-	-	1
\$210,000 - 219,999	-	2	2	-
\$220,000 - 229,999	2	-	-	-
\$230,000 - 239,999	-	-	-	-
\$240,000 - 249,999	-	-	1	-
\$250,000 - 259,999	1	-	1	-
\$260,000 - 269,999	1	-	-	-
\$270,000 - 279,999	-	-	-	-
\$280,000 - 289,999	-	-	-	-
Total numbers	5.0	5.0	5.0	5.0
Total annualised employee equivalent*	5.0	4.6	5.0	5.0
Total amount	\$1,136,208	\$1,042,559	\$1,079,320	\$998,424

Base and total remuneration comparative amounts have been amended in line with FRD 21B and whole of government model report definitions.

(i) Total annualised employee equivalent is based on working 38 ordinary hours per week over the 2016 reporting period.

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 25. Remuneration of auditors

	(\$ thousand)	
	2016	2015
Victorian Auditor-General's Office		
Audit or review of the financial statements	54	53
Total remuneration of auditors	54	53

Note 26. Subsequent events

The Government's response to the independent inquiry into the Authority is expected to be announced in 2016-17. The Independent review made recommendations with regard to the Authority's funding, that if accepted by Government, could see the Authority's current funding and resourcing model change.

Note 27. Trust Fund disclosures

(a) Sustainability Fund transfer

As a result of the passing of the *Environment Protection and Sustainability Victoria Amendment Act 2014*, assets representing the balance of the Sustainability Fund were transferred from the Authority to the Department as at 1 July 2015.

The following table is a reconciliation of the Fund balance transfer and its financial impact .

Sustainability Fund transfer

	(\$ thousand)
	2016
<i>Balance transfer</i>	
Cash	383,764
Accrual revenue	47,003
Total transfer	430,767
Represented by	
<i>Decrease in:</i>	
Cash and cash equivalents	263,764
Managed funds investment	120,000
Receivables	47,003
	430,767
<i>Decrease in:</i>	
Contributed capital	430,767

(b) HazWaste Fund

The HazWaste Fund account forms part of the Environment Protection Fund, which is managed by the Authority. In January 2007, the Victorian Government developed a strategy to reduce hazardous waste. The HazWaste Fund was established to achieve specific waste reduction targets, by supporting organisations to accelerate reductions in the volume and hazard of hazardous waste generated in Victoria. Revenue from the increase in Prescribed Industrial Waste levy fees from manufacturing sources was contributed to the Fund until the end of the 2012-13 financial year.

Fund support is available for projects targeted at reducing the volume or hazard category of hazardous waste disposed at landfills. A Fund panel has been established to inform Fund decision making and investment priorities. The Minister for Energy, Environment and Climate Change and the Chairman of the Authority will make or delegate final funding decisions for the Fund's projects.

The following table is a reconciliation of the Fund balance.

HazWaste Fund

	(\$ thousand)	
	2016	2015
Opening balance	26,117	28,828
Receipts		
Prescribed Industrial Waste levy - cash	-	-
Prescribed Industrial Waste levy - accrual	-	-
Payments		
Grants to recipients	1,580	2,564
Administrative expenses	120	147
Closing balance	24,537	26,117

Note 28. Glossary of terms

Comprehensive result

Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

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.

20. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 CONTINUED

Note 28. Glossary of terms (continued)

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 statement of financial position as at the end of the period;
- b) a statement of profit and loss and other comprehensive income for 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;
- f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*; and
- g) a statement of financial position 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 finance 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.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as other non-owner changes in equity.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings infrastructure, roads networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological 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 and accounts payable, grants and interest payable.

Receivables

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

Sales of goods and services

Refers to revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services, work done as an agent for private enterprises. User charges include revenue from the sale of goods and services revenue.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Authority.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (i.e. 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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