

ANNUAL REPORT

2019/20



DELIVERING TODAY.
LOOKING TO THE FUTURE.



Preventing Environmental Harm in 2019–20



13,725

Fines for environmental offences



505

Pollution abatement notices issued



29

Prosecutions



2,882

Inspections



231

Clean up notices



13,725

Pollution reports from community

Glass Recovery Services Cleanup



145,000+

Tonnes of solid waste removed



9,202,560

Litres of polluted water/leachate removed



11,996

Truck loads of industrial waste



173

Days worked – onsite civil contractors



175+

Days worked – EPA staff



219,479

maximum daily users
(14 January)



72%

accessed via smartphone
(users)

(EPA's AirWatch platform provides Victorians with air quality information in real time)



3.9 million

views
(over summer bushfires)



3.2+ million

social media impressions
(AirWatch posts across summer bushfires)

AirWatch

Contents

01 Declaration	2
02 About EPA Victoria and this Annual Report	3
03 Chair's report	4
04 Chief Executive Officer's report	5
05 Purpose and functions	7
06 Delivering today. Looking to the future	8
07 Responding to coronavirus (COVID-19)	10
08 Victoria's environment in 2019–20: a snapshot	11
09 2019–20 Performance	15
10 Financial performance summary	44
11 Organisational structure and governance arrangements	46
12 Workforce data	56
13 Other disclosures	60
14 Definitions	75
15 Disclosure index	77
16 Responsible body's declaration	79
17 Independent Auditor's Report	80
18 How these financial statements are structured	82
19 Comprehensive Operating Statement	83
20 Balance Sheet	84
21 Statement of Changes in Equity	85
22 Cash Flow Statement	86
23 Notes to the Financial Statements	87

All photos in this publication were taken prior to coronavirus (COVID-19).



Declaration

In accordance with the *Financial Management Act 1994*, we are pleased to present Environment Protection Authority Victoria's Annual Report for the year ending 30 June 2020.

Professor Kate Auty

Chair
Responsible Body

Melbourne
6 October 2020

Dr Cathy Wilkinson

Chief Executive Officer
Accountable Officer

Melbourne
6 October 2020

02 About EPA Victoria and this Annual Report

Environment Protection Authority Victoria (EPA) is an independent statutory authority under the *Environment Protection Act 2017*. EPA's Governing Board is responsible for the governance, strategic planning and pursuit of the Authority's objective, namely, to protect human health and the environment by reducing the harmful effects of pollution and waste. The Minister with responsibility for EPA is the Hon. Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change and Minister for Solar Homes.

Our vision

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

Our strategic goals

To do our part in creating a healthy environment that supports a liveable and prosperous Victoria now and always, we focus on five goals:

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

Our purpose

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

Our values

Successful implementation of EPA's organisational strategy, *Our environment, Our health*, requires every staff member to live our values. These values, applied consistently by each of us in our interactions with Victorians, will deliver one experience of EPA.

Excellence

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

Partnership

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

Accountability

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

We will also be exemplars of the Victorian Public Service values.

Definitions

Scientific and technical terms used in this Annual Report are defined on page 75.

EPA publications

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



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



Chair's report

This Annual Report, my first as Chair, comes at a time of great change for EPA.

The coronavirus (COVID-19) pandemic has meant we have had to change the way we work whilst continuing to rigorously carry out our regulatory role preventing harm from pollution and waste.

EPA's strategic goals set out in our organisational strategy, *Our environment, Our health*, put us in a strong position to rise to these challenges and transform into a modern regulator.

I recognise the extraordinary efforts made by all EPA staff in delivering on our 2019–20 commitments.

I acknowledge the professionalism and commitment demonstrated by staff in delivering on our regulatory responsibilities. This has occurred in the context of emerging waste crime which has required significant regulatory action, including stepping in to clean up across a number of complex, high-risk sites.

Much of the year has also been spent in preparation for 'go-live' of the new legislation and the subsequent pivot to a delayed commencement date, in recognition of the impact of coronavirus (COVID-19). Considerable work continues across the whole organisation to prepare community and business for the intended 1 July 2021 commencement date.

Beyond the recognition of EPA's formal responsibilities, I also want to commend the contribution of more than 200 EPA staff to the whole-of-government response during the extended bushfire season.

I would like to note how deeply appreciated the work of the Governing Board has been as it has provided strategic advice over this period.

In particular, I would like to pay tribute to our outgoing Chair, Cheryl Batagol PSM, for her contribution over more than 10 years. In her time with EPA, Cheryl positioned the organisation for a once in a lifetime opportunity to transform into a prevention-based environmental regulator: the first in the world. Cheryl saw the need to underpin environmental regulation with science and was instrumental in establishing the role of Chief Environmental Scientist for Victoria. Her vision and work laid the foundation for our new legislative framework and drove the establishment of the Interim Advisory Board and our Governing Board in 2018.

The Science, Engineering and Health Committee was established in 2019 and has matured over the year in the advice and guidance it gives to management and the Governing Board around science strategy. The Risk and Audit Committee has also continued to provide independent and objective advice. I wish to thank the members of these committees for their dedicated, thoughtful and purposeful work.

Importantly, I thank our CEO, Dr Cathy Wilkinson, for her leadership and commitment to reducing harm from pollution and waste. Cathy continues to work tirelessly in an increasingly complex regulatory environment, with the support of her Executive Leadership Team.

Finally, I'd like to thank EPA's people for the drive and perseverance they have shown to protecting Victorians and our environment in this particularly challenging year.

Professor Kate Auty

Chair

Environment Protection Authority Victoria

Melbourne

6 October 2020

04 Chief Executive Officer's report

At EPA, our core values of excellence, partnership and accountability are at the heart of our regulatory role to prevent harm to Victorians and our environment from pollution and waste.

Despite unprecedented challenges in 2019–20 during Victoria's response to coronavirus (COVID-19), these values continue to guide our regulatory work and transformation to become a modern, prevention-led, and community-focused regulator. Never has it been so important for EPA to be responsive to the community we serve, and I am incredibly proud of the commitment, and resilience of our workforce during our shift to remote ways of working.

Preparing for the new legislation

During 2019–20, EPA made substantial investment in our whole-of-organisation transformation program. This transformation is our roadmap for the changes we need to make to proactively prevent harm from the impacts of pollution and waste, and to meet the future needs of Victorians and our environment. This investment has seen the organisation report a deficit, as budgeted, for the year.

In preparation for Victoria's *Environment Protection Amendment Act 2018* (Amendment Act), EPA partnered with the Department of Environment, Land, Water and Planning (DELWP) in the development of subordinate legislation. This work involved extensive consultation and resulted in the creation of new environment protection regulations and Environment Reference Standards.

Due to COVID-19, commencement of our new legislation was deferred by the Victorian Government to ease the burden on business and industry. This legislative framework is a cornerstone of the government's reforms to transform EPA into a modern regulator and we look forward to the new Act coming into effect next year.

In 2019–20, an important focus for EPA was the development of industry and hazard-based guidance to support understanding of our future environment laws. This work included translation of key guidance materials for culturally and linguistically diverse communities into 16 different languages. Over the coming year, building awareness with duty holders about their obligations to prevent harm and manage environmental risks will continue to be a focus.

Waste, illegal dumping and stockpiling

Over the past two years, major industrial fires and the discovery of illegally stored chemical waste have highlighted the need for EPA to improve its ability to tackle waste crime and manage legacy high-risk sites.

In February 2020, EPA welcomed an additional \$49 million in government funding over the next four years as part of the *Recycling Victoria* policy. This funding enabled us to establish two new directorates – High-Risk Sites & Emergency Co-ordination and Waste Crime Prevention – further strengthening our capacity and capability to address the greatest pollution and waste risks across Victoria.

In May 2020, an independent review report initiated by EPA's Governing Board into our historical regulation of chemical waste was released.

This review followed the discovery of illegally stored waste across Melbourne's northern suburbs in late 2018 and early 2019 and made 38 recommendations; identifying clear gaps in EPA's regulatory response, intelligence gathering, coordination with other agencies, as well as deficiencies in our legacy systems and processes and practices.

All committed actions have been completed except those aligned with the commencement of the new legislation, including strengthening our intelligence systems, pollution reporting processes and waste transport oversight.

In June 2020, we filed 34 criminal charges against companies and directors following our investigation into the Tottenham and Bradbury industrial fires and the illegal storage of chemical waste. These charges include multiple counts of aggravated pollution – the most serious charge available to EPA under our existing laws.

This year, EPA's Resource Recovery Facilities Audit Taskforce removed a significant fire risk to our community and environment with the removal of stockpiles at the Glass Recovery Services (GRS) site in Coolaroo.

Clean up at the site involved the removal of over 145,000 tonnes of contaminated combustible waste and nine million litres of polluted water



Chief Executive Officer's report continued

and I'd like to thank our project partners, the Metropolitan Fire Brigade, WorkSafe and Hume City Council for their support.

Since its establishment in July 2017, the taskforce has conducted over 940 inspections and played a critical role in regulating resource recovery facilities that present a safety risk to community.

A total of 20 charges have been laid against GRS and its sole director for breaches of notices and the *Environment Protection Act 1970* and we will rigorously pursue the cost of clean up.

Working with communities

As part of our commitment to strengthening our place-based regulatory approach and to better connect with the communities we serve, EPA has established new metropolitan offices in Preston and Sunshine and expanded our Officers for the Protection of the Local Environment (OPLE) pilot.

Established in 2017, the OPLE pilot involves 23 councils in both metropolitan Melbourne and regional areas and has made a significant contribution to reducing the environmental and amenity impact of small-scale waste and pollution in municipalities throughout Victoria. In 2019–20, our OPLEs investigated 536 community reports, completed 1013 inspections at 749 sites, and issued 63 notices and 20 sanctions.

EPA also played a critical role in supporting Victoria's emergency response to the bushfires in the state's north east and East Gippsland. This support included the provision of air quality advice in real time via our enhanced

EPA AirWatch. At the height of the bushfires, our AirWatch traffic grew from an average of 3,200 daily users to 14,200 and was viewed around 3.9 million times during the summer, accounting for well over half of visits to our website.

EPA also established a dedicated Bushfire Recovery Team to support the recovery and rebuild of fire affected communities.

Our people

I want to take this opportunity to thank Ms Cheryl Batagol PSM, who concluded her tenure as EPA's Governing Board Chair on 30 June 2020. The foundations we have laid are testament to Cheryl's unwavering vision to providing Victoria with a strong and modern environmental regulator for the future.

I would also like to thank our Governing Board members for their leadership during an unprecedented year and to welcome our incoming Board Chair, Professor Kate Auty, who previously served as Victoria's Commissioner for Environmental Sustainability as well as the ACT's Commissioner for Sustainability and the Environment.

On a final note, I would like to thank our people for their dedication to delivering EPA's critical regulatory services in an operating environment that has brought constant challenge and change.

I look forward to delivering a future ready EPA in 2020–21 and working together with Victorians to address the environmental and public health issues that matter to them – now, and into the future.

Dr Cathy Wilkinson

Chief Executive Officer

Environment Protection Authority Victoria

Melbourne

6 October 2020

05 Purpose and functions

EPA is an independent statutory authority under the *Environment Protection Act 2017*. Our job as a regulator is to prevent and reduce harm from pollution and waste. To do this we:

- › work with community, industry and business to prevent and reduce the harmful impacts of pollution and waste on Victoria's environment and people
- › hold polluters to account
- › support all Victorians to understand their obligations under the law
- › provide clear advice on the state of our environment so the community can make informed decisions about their health.

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

EPA works across Victoria. We have regional offices in Bendigo, Dandenong, Geelong, Preston, Sunshine, Traralgon and Wangaratta. EPA's Centre for Applied Sciences is located in Macleod. Our central office is located at 200 Victoria Street, as well as a CBD base at 181 William Street Melbourne.

EPA is part of the Energy, Environment and Climate Change portfolio. The responsible Minister for the 2019–20 reporting period was the Hon. Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.

EPA works closely with portfolio partners – DELWP and Sustainability Victoria (SV) – to develop environment protection policy and legislation and to deliver programs that support protection of the environment.

EPA works closely with other Victorian Government departments and regulators to achieve better environmental and health outcomes and enable economic development. This includes WorkSafe Victoria, the Department of Health and Human Services (DHHS), emergency services and local government.

This year marked the culmination of three years' work towards EPA's biggest organisational transformation in history, in the lead up to the commencement of the *Environment Protection Amendment Act 2018* (Amendment Act) and implementation of the recommendations of the Ministerial Advisory Committee's (MAC) independent inquiry into EPA.

The Amendment Act was due to come into effect on 1 July 2020. This was postponed by the Victorian Government to support businesses and their workers in direct response to the impacts of coronavirus (COVID-19). The Amendment Act is now intended to commence on 1 July 2021.

In January 2017, the Victorian Government responded to the Ministerial Advisory Committee's (MAC) inquiry recommendations through a \$182 million investment to build a modern, agile environmental regulator, setting in motion our transformation.

Among the Inquiry's recommendations was a comprehensive overhaul of the *Environment Protection Act 1970* (EP Act) to ensure we have the right legislative tools to adopt a proactive, preventative approach to environmental regulation. To meet today's complex environmental challenges, an overhaul of the Act was timely and necessary.

On 1 July 2018, the *Environment Protection Act 2017* came into effect, establishing EPA as an independent statutory authority and legislating the roles of the Governing Board, Chief Executive Officer and Chief Environmental Scientist.

The Amendment Act, which received Royal Assent in August 2018, completed the legislative overhaul and paves the way for the next evolution in our preventative approach, with the introduction of a general environmental duty.

EPA Transformation 2019–20 deliverables

This year has seen us deliver initiatives to improve our regulatory capabilities, service delivery and governance arrangements in readiness for Victoria's new environment protection laws, as well as support and engagement with duty holders. These include:

- › Providing extensive guidance/support for duty holders on adopting more preventative controls. New guidance documents have been designed to ensure businesses have access to the information they need to prevent harm from their activities. These include fact sheets and guides dedicated to the waste management and automotive industries that identify suitable controls duty holders can put in place to reduce risk.
- › Expanding the Officers for the Protection of Local Environment (OPLE) pilot to cover 23 councils, with 19 EPA authorised officers embedded in our community. The program has focused on local amenity issues, including noise, odour and dust, and it has expanded throughout the year to tackle illegal chemical and waste stockpiling. The OPLE program has delivered faster responses to local environmental issues such as resolving commercial noise complaints, reducing stormwater contamination and litter from building sites.
- › Completing 29 prosecutions for environmental offences, following regulatory investigations which led to the laying of charges of breaches of the EP Act. This has been achieved by expanding our investigations and prosecution capacity and taking timely action to maintain compliance and enforce the law.
- › Rebuilding and reconfiguring all digital platforms and developing tools to align with the Amendment Act from its commencement. These include:
 - the new Waste Tracker app to enhance our monitoring of hazardous waste and pollution reporting and notifications to improve our response times
 - a new and improved EPA website that includes real-time air quality monitoring for the community through AirWatch
 - a public register of EPA's decisions and guidance, lists of permission holders and priority sites potentially impacting human health.
- › Completing consultation on an exposure draft of the new subordinate legislation, informed by engagement over 220 external events and 317 submissions. Two legislative instruments will replace the current 25, making the law more accessible and easier to understand.

- › Building and delivering a learning and development program to train and authorise officers under the new Act, with around 180 authorised officers commencing the program through face-to-face-sessions, coaching with mentors, webinars and 30 digital learning modules.
- › Developing new policies and procedures to ensure transparent and predictable regulatory responses, including a policy framework on how we will exercise our regulatory powers and support Victorians to understand the condition of their environment. This includes the release of our Regulatory strategy 2020–25 draft; a compliance and enforcement policy; a permissions policy that takes a risk-based approach to licences, permits and registration; and a charter of consultation that outlines the principles for consultation on the new laws with community.

Looking ahead

As we move into 2020–21, we will support Victorian industry, business and our community ahead of the new Act. To respond to the increasingly complex challenges impacting Victoria, we will use our legal powers to greater effect to take stronger enforcement action and prosecute polluters where appropriate. EPA will continue to build our reputation as a trusted and authoritative source of technical knowledge and scientific advice.

We will use this coming year to build on our support for duty holders and co-regulators, helping them understand the transformation being delivered. EPA will achieve this through a sustained communications, engagement and change program – encouraging them to build their knowledge and capabilities.

EPA will improve our service delivery for all Victorians by continuing to work alongside community, business and government to protect human health and the environment, delivering on our vision of *a healthy environment that supports a liveable and prosperous Victoria now and always*.

07

Responding to coronavirus (COVID-19)

In response to coronavirus (COVID-19), our priorities are the health and safety of our people while continuing our critical regulatory role to prevent harm from pollution and waste.

All EPA offices were closed to the public and our people were asked to work from home where it was practical and safe to do so from the end of March 2020.

We have invested significantly in technology platforms and tools to enable flexible working and continue to deliver services for the community. All staff have migrated to portable devices such as laptops and tablets, and this year a significant portion of our services moved to the cloud. These cloud solutions were able to be scaled up quickly, enabling all staff working from home to transition with minimal technology challenges.

To ensure we continue to deliver our critical regulatory role, EPA has identified nine key priorities:

1. Staff health, safety and wellbeing
2. Emergency management and high-risk pollution response
3. Completing high-risk site cleanups
4. Providing critical environmental public health advice
5. Regulatory compliance and enforcement of high-priority matters
6. Priority statutory regulatory decisions and advice
7. Waste crime prevention
8. Critical enabling services
9. Getting to go-live of our new legislation

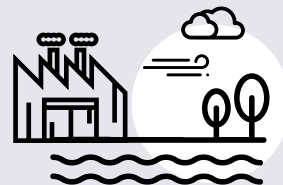
95%

of workforce transitioned to working from home



1226

Field inspections from March-June 2020



14

Emergency approvals (Section 30A) considered



57 events

Digital engagement with community, business and government



29

Licences processed between March-June 2020



08 Victoria's environment in 2019–20: a snapshot

The environmental snapshot provides a picture of environmental performance across five segments: Air; Odour; Noise; Water; and Land. It also highlights where EPA has taken action to address pollutants and waste contributing to environmental harm.

Air

EPA is responsible for the regulation, monitoring, assessment and reporting of air pollution in Victoria. We measure pollution at our monitoring stations across the state.

This year was one of extremes for the state's air quality as the bushfire season caused days of hazardous air quality for many Victorians across large parts of the state.

In response to the bushfires, EPA deployed incident air monitors for 85 days to the areas most impacted by smoke – the North East and East Gippsland regions. These air monitoring stations record levels of PM_{2.5} (particles smaller than 2.5 micrometres). Based on 24-hour data, the areas with the worst air quality were in the East Gippsland and the North East, with 12 and 27 days of hazardous air quality respectively (see figure 8.1).

In central Melbourne, five days of hazardous air quality were recorded at the Melton station, and two days of hazardous air quality at our CBD air monitoring station for a total of seven days.

Conversely, during Victoria's response to coronavirus (COVID-19), the concentrations of some air quality pollutants dropped. We compared our air monitoring data from the same period in 2015 to 2019 and found that there was a drop in levels of nitrogen dioxide of approximately 27 per cent

from 17 March – 12 May 2020. This is likely due to a reduction in road traffic during this period, which is consistent with data from the Department of Transport. There was also a decrease in PM_{2.5} and carbon monoxide. Following the easing of Stage 3 restrictions, nitrogen dioxide concentrations returned to being consistent with historical trends.

This year, we extended our ambient air monitoring network to improve our coverage of air quality across the state through the addition of PM_{2.5} monitoring sites in Campbellfield and Bendigo. Our 24 ambient air monitoring sites help provide Victorians with information they can use to better understand the risk of air quality to human health and put in place measures to reduce exposures and protect health.

We also expanded our partnership with the Victorian State Emergency Services (VICSES) with the introduction of four new VICSES units around metropolitan Melbourne to support deployment of our air incident monitoring equipment.

EPA continued to collaborate with CSIRO and the Bureau of Meteorology to deliver modelled air quality data that provides a better overview of air quality statewide. Daily forecasts at our nine weather districts are used to provide information during emergency incidents and help EPA provide tailored information to the community when air quality becomes hazardous to health.

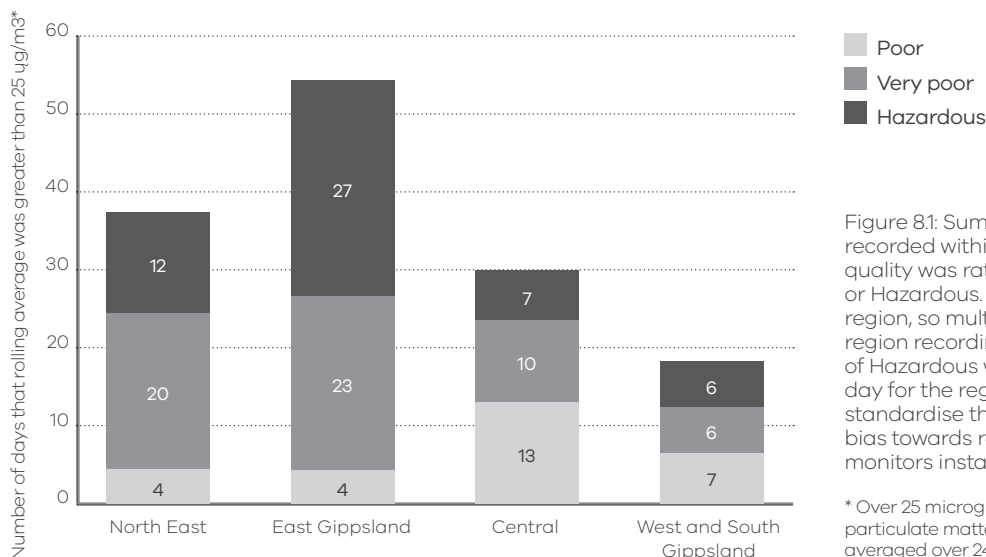


Figure 8.1: Summary of number of days recorded within each region where air quality was rated as Poor, Very Poor or Hazardous. This is aggregated by region, so multiple stations within a region recording an air quality rating of Hazardous would be counted as one day for the region. This was done to standardise the regions and not allow bias towards regions which had more monitors installed.

* Over 25 micrograms per cubic metre of particulate matter smaller than 2.5 microns averaged over 24 hours

Odour

The most common sources of odour pollution in Victoria include landfill operations, chemical plants, food processing plants and the improper treatment of sewage. Odour pollution does not usually cause long-term health effects, but can result in headaches and nausea, as well as significant discomfort and stress.

Community odour reports help us detect and regulate odour pollution, including from agriculture and industrial activities. EPA received 4,489 odour reports in 2019–20.

The council areas of Casey, Hume, Brimbank and Dandenong saw an increase in odour reports compared with last year. These reports were in relation to various industrial activities, including the site cleanup activities at SKM Services and Glass Recovery Services. The overall increase in odour reports compared to 2018–19 was 10 per cent. Odour was reported less frequently in the remainder of the state.

Brooklyn Industrial Precinct

EPA has maintained a strategic regulatory focus on reducing air pollution (primarily from dust and odour) in the Brooklyn Industrial Precinct to lower environmental risk in the area and work towards improving public health outcomes. In addition to PM_{2.5}, PM₁₀ (particles smaller than 10 micrometres) is also measured and reported on. In 2019–20 the daily PM₁₀ air quality standard was exceeded on 30 occasions, an increase of eight from 2018–19 as seen in Table 8.1.

Nine of these occasions were attributed to smoke from the summer bushfires, two days due to statewide dust storms and 19 days attributed to activities at the Brooklyn Industrial Precinct.

EPA provided 26 alerts to notify local industry of high-risk dust days, resulting in local industry mitigating dust levels through the use of water carts, sprinklers and street sweepers. These include industrial areas in Brimbank, Maribyrnong and Hobsons Bay councils that contribute to raised dust, particularly from businesses such as concrete and rock recycling, container parks, landfills, and metal recycling and skip bin companies.

As well as dust, odour is a key contributor to air pollution in the Brooklyn Industrial Precinct. Two significant contributors to odour achieved compliance with pollution abatement notices issued by EPA, leading to major improvements in odour capture and treatment. There were almost 50 per cent fewer odour reports in the Brooklyn Industrial Precinct compared with 2018–19.

Compliance advice was also issued to industry to further mitigate risk, supported by regular compliance inspections by our Environment Protection Officers and Officers for the Protection of the Local Environment. These inspections assess dust management controls, respond to issues raised in pollution reports, and ensure compliance with regulatory notices and licences. In cases of non-compliance, notices, fines and other sanctions were issued.

EPA has worked with duty holders to reduce risks and rectify dust and odour sources and site practices. Duty holders have invested in site upgrades, including sealing sites and internal roads as a result of our compliance advice that will further mitigate risk and improve air quality in the years ahead. Due to coronavirus (COVID-19) and its impact on duty holders, we have seen some delays to these remediations.

Table 8.1: Brooklyn Industrial Precinct summary statistics

INDICATOR	2019–20	2018–19	2017–18	2016–17	2015–16	2014–15	2013–14	2012–13	2011–12	2010–11
Days where dust levels (PM ₁₀) exceeded the limit	30	22	16	13	10	17	29	33	20	19
Rainfall (mm)	527	420	449	515	403	383	459	386	611	850
Pollution reports related to odour	350	597	940	428	336	169	158	427	485	628

Noise)))

Noise is both an environmental and public health issue affecting the community's health and wellbeing. EPA shares responsibility for regulating noise with local governments, Victoria Police and other agencies.

From January to July 2020, noise reports received by EPA more than doubled compared with the same period last year. Overall noise queries, which include questions around noise limits or legislation, increased from March to April 2020 and then began to drop from May through to June 2020.

As part of the Victorian Government's response to coronavirus (COVID-19), noise exemptions were put in place for essential businesses to support their continued viability during the state of emergency. These circumstances also meant more Victorians were spending additional time at home. EPA developed a short online awareness campaign explaining why these factors mean communities may be noticing increased noise, as well as our regulatory role in preventing harm and how to report unwanted noise to EPA, Victoria Police or local councils.

More than 250 noise assessments were carried out by our Officers for the Protection of Local Environment and Environment Protection Officers to respond to these reports and protect the community from the impact of noise.

EPA is conducting a review of best practice for existing ambient environmental quality assessment programs for noise in other jurisdictions to assess the viability of incorporating similar programs in Victoria. This is part of our plan to improve Victoria's monitoring networks.

waterways and marine bays due to reduced freshwater flows from the catchment. Extremely dry periods also placed stress on waterways due to increased salinity and reduced oxygen under low flows, causing parts of Port Phillip Bay and the Gippsland Lakes to become increasingly saline.

After January 2020, much of central Victoria experienced a period of unusually high rainfall in summer and autumn, resulting in high amounts of pollution entering waters from the surrounding catchment, especially after extended periods of low catchment flows due to the lack of regular flushing.

The bushfires in eastern Victoria had the potential to impact many waterways as a result of rainfall run-off from exposed soils and burnt material (ash, trees, soil and building material). EPA monitored 17 locations, focusing on the possible impacts to recreational water quality as well as general conditions. Most sites in EPA's initial round of sampling had good water quality while some initially had high levels of *E.coli* – *E.coli* is used as an indicator to measure fire impacted areas as it is detected in soil run-off in waterways, infrastructure damage and loss of wildlife. EPA also monitored impacts on water clarity and sediment loads, sediment bound contaminants and impacts on dissolved oxygen levels to understand the loss of vegetation, soil erosion and sediment run-off.

EPA's second round of sampling within two months of the fires found all but one location had safe levels of *E.coli*, while other indicators were considered safe under regulatory guidelines.

Marine

EPA monitored water quality at 36 beaches in Victoria's Port Phillip Bay and four sites on the Yarra River from December 2019 to March 2020 and found the water was safe for swimming in the bay and Yarra River 94 and 84 per cent of the time, respectively.

EPA works closely with DELWP on monitoring our marine environment and providing alerts to protect the community from harm. In January 2020, EPA detected a large algal bloom that was potentially harmful to human health off the coast of Hobsons Bay in Melbourne's south-east. This bloom was detected via our real-time marine monitoring system and remained in the natural environment for several days. Algal blooms are a natural occurrence caused by warm weather, combined with persistent rainfall.

Water

Human activities and the changes we make to the environment affect the health of our water ecosystems and the community. EPA is responsible for regulating pollution and waste entering waterways. We do this through environmental laws, policies and regulatory controls, and by working in partnership with Victorian communities, water authorities, businesses and government.

Freshwater

Between June 2019 and January 2020, Victoria experienced one of the driest periods on record, resulting in less pollution entering Victoria's

Victoria's environment in 2019–20: a snapshot continued

EPA collected samples at Port Melbourne, South Melbourne, St Kilda, Elwood and Brighton Beaches which confirmed several species of algae were present. This included high levels of the potentially harmful *Pseudonitzschia delicatissima* species, which produces a toxin that can accumulate in shellfish and may cause skin and eye irritation. Swimmers were advised to avoid the area and recreational shellfish collectors were told not to eat shellfish taken from the bay.

In late January–February 2020 a cyanobacteria algal bloom (*Synechococcus sp.* and *Nodularia spumigena*) persisted in the western end of Gippsland Lakes. This caused DELWP to issue a shellfish advisory warning and recreational water quality alert to be issued for Lake Wellington and Lake Victoria.

The same algae species persisted at lower concentrations before blooms were detected again in early June 2020. The addition of other potentially toxic species (*Pseudo-nitzschia sp.*) led to a widespread shellfish advisory warning and recreational water quality alert at Lake King North and South, extending to Metung. The alerts remained in place as at the end of 2019–20.

Groundwater

Polluted groundwater is often a result of poor environmental management or practices, including incorrect storage of chemicals, disposal of liquid wastes to land, or when underground storage tanks leak.

EPA provided advice to the Victorian Government, industry, business and the community on the potential for human exposure to contaminated groundwater, including the type and concentration of contaminants and the risk of secondary contact with groundwater via uptake in produce. This included assessments of the human health risks associated with groundwater extracted as part of large infrastructure projects, such as the Metro Tunnel.

EPA also advised the community on the potential human health effects of elevated levels of contaminants and the risks of exposure following groundwater monitoring surveys, including advice to not drink or irrigate with untreated groundwater.

Land

EPA is responsible for regulating contaminated sites and landfills. Sharing information about contaminated land and groundwater is a key part of protecting Victorians from the effects of land pollution.

This year, EPA and DELWP made enhancements to Victoria Uearthed – an interactive online map that delivers on the Victorian Government's commitment to improving access to information to strengthen the management of risks associated with legacy contamination.

Victoria Uearthed allows the community, government and EPA-appointed environmental auditors to search for information about past uses and other factors that may indicate the potential for contamination.

The map now covers more than 560,000 historical business records based on business directory listings. The updated map provides the end user with information on sites with EPA licences, priority sites with notices related to contaminated land, planning overlays of potential or identified contamination and locations of verified past and present landfills from EPA's register. It also incorporates locations of environmental audits and groundwater quality restricted use zones (GQRUZ) – an area, site or property found to have residual groundwater contamination following an environmental audit.

EPA is improving knowledge of legacy contamination to protect the community by identifying the distribution and impacts of emerging contaminants (such as per- and polyfluorinated alkyl substances (PFAS), microplastics and phthalates) in water, soil and sediment. EPA's emerging contaminants program this year saw our sampling activity increase from 25 to 245 sites across five different land uses in Victoria.

Partnerships with other institutions also continue to further our understanding of legacy contamination from past mining and industrial activities and help to identify its distributions and impacts.

Some of these partnerships include:

- › exploring the presence of emerging contaminants with RMIT University in groundwater surrounding legacy landfills to inform stronger preventative measures, as well as the use of hydrochar from olive mill waste to immobilise arsenic in soil contaminated by mine waste
- › identifying plant uptake with Monash University on mining waste sites
- › working with Deakin and Monash universities to improve our regulation of landfill design by understanding the interactions between emerging contaminants and landfill liner components.

09 2019–20 Performance

EPA's work is guided by our organisational strategy, *Our environment, Our health*, which sets out our path to becoming a world-class regulator that prevents and reduces harm from pollution and waste.

2019–20 was the third year of the strategy's implementation. Our Annual Plan sets out our delivery priorities according to our five key goals:



1. Prevent harm



2. Equip community and business



3. Be an influential authority

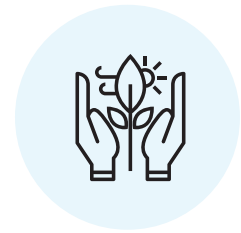


4. Respond to harm



5. Organisational excellence

This section of our Annual Report summarises EPA's performance against our Annual Plan and how we've delivered on our five goals, with a focus on responding to emerging risks to Victoria's environment and human health through targeted enforcement, compliance, and intelligence gathering programs.



GOAL 1 Prevent harm

We prevent harm from pollution and waste by leveraging good environmental performance across community, business and government

Outcome 1.1

Provide regulatory services that deliver the greatest preventative effect, informed by science and intelligence

Strengthening our regulatory approach to chemical waste

In May 2020, an independent review report initiated by EPA's Governing Board into our historical regulation of chemical waste was released.

This review followed the discovery of illegally stored waste across Melbourne's northern suburbs in late 2018 and early 2019 and made 38 recommendations, identifying clear gaps in EPA's regulatory response, intelligence gathering, coordination with other agencies, as well as deficiencies in our legacy systems and inadequate processes and practices.

All committed actions have been completed except those aligned with the commencement of the new legislation, including strengthening our intelligence systems, pollution reporting processes and waste transport oversight.

Other improvements delivered include:

- › increased inspections of licensed hazardous waste facilities and unlicensed premises
- › a dedicated team to enhance quality assurance processes
- › mandated electronic Waste Transport Certificates from 1 July 2019
- › improved response to pollution reports including enhanced central triage capability and the development of new standard operating procedures
- › strengthened intelligence and data and analytics capability, including chairing a cross-government waste crime intelligence committee that includes Victoria Police and other regulators.

Combating the growth of waste crime requires new technologies and powers. The Victorian Government's \$71 million investment in early 2020 through the *Recycling Victoria: A New Economy* policy supports the review's recommendations.

This will enhance EPA and Victorian Government regulation of high-risk sites and hazardous waste through improved intelligence sharing, policy and planning.

The government's investment in EPA comprises around \$49 million over four years to help deliver these actions and includes the creation of a Waste Crime Prevention Directorate that will collaborate with WorkSafe Victoria and other law enforcement and emergency management agencies to detect, prevent and respond to illegal activities and waste crime more effectively. Further reforms will ensure we are mobilised and prepared to respond to emerging trends of illegal and criminal activity.

Over the coming year, we will continue to improve our regulatory approach to address non-compliance and tackle future complex challenges. The introduction of modern preventative environmental protection legislation in July 2021 will also further bolster our ability to regulate chemical waste and combat waste crime, through stronger regulatory duties across the waste supply chain.

Improving our understanding of emerging contaminants

Emerging contaminants are chemical compounds that represent risks to the environment and human health and are often not regulated under existing laws. However, due to better detection technology and improved scientific information, our understanding of the risks they pose changes over time and influences our responses.

EPA has established background concentrations as an initial reference point for the assessment of contaminated sites to improve our knowledge of emerging contaminants.

Building on EPA's transformation-funded 2018–2019 ambient assessment program, we focused on PFAS, phthalates, short chained chlorinated paraffins, polybrominated diphenyl ethers and pesticides. We did this by:

- › increasing our sampling activity to 245 sites across five different land uses in Victoria – an increase of 220 new sites

- › resampling the same sites from the 2018–19 program
- › adding an extensive (>300) fish sampling program to establish an understanding of the ecosystem level and human health impacts of emerging contaminants at 18 locations.

We also provided consumption advice in various locations, including not to eat fish contaminated with PFAS from sections of the Maribyrnong River and Arundel Creek.

Our scientists published the program's findings in a journal paper in December 2019. The program will continue in 2020–21 to provide us with more scientific evidence and insights to support our regulatory activities and inform decision-making and community advice.

Subordinate Legislation Reform Project

A key recommendation of the MAC Inquiry was to completely overhaul Victoria's environment protection legislation and build modern fit-for-purpose legislation.

This year we partnered with DELWP on the Subordinate Legislation Reform Project, to make new environment protection regulations, Environment Reference Standards, and other necessary legislative instruments required to support the new legislative framework created by the new *Environment Protection Amendment Act 2018* (Amendment Act). This new framework is part of the Victorian Government's reforms to transform EPA into a modern regulator.

A series of workshops with local government, industry and community reference group meetings and discussions with other government agencies helped inform an exposure draft of the subordinate legislation which was released in September 2019. The community was invited to provide feedback through a 60-day consultation period.

During this period, Engage Victoria recorded over 22,928 unique views, demonstrating high levels of stakeholder interest in the consultation process.

EPA and DELWP reviewed more than 300 submissions between November and December 2019, consulting with specific stakeholders to resolve complex issues.

The subordinate legislation was on track to be made and introduced to the parliament ahead of the planned commencement of the new Amendment Act on 1 July 2020.

On Thursday 23 April 2020, the Victorian Parliament passed the *COVID-19 Omnibus (Emergency Measures) Act 2020*. This legislation postponed the commencement of provisions of the Amendment Act and it is now intended to commence on 1 July 2021.

This also means the subordinate legislation will be postponed to commence in line with the new Amendment Act. The proposed regulations and Environmental Reference Standard will be released with a public response report once the subordinate legislation is made by government. This will document how we have considered the comments and issues raised during the public comment period.

Enhancing our data analytics and intelligence capabilities

The enhancement of our data analytics and intelligence capabilities is a key focus for EPA's transformation and our approach to being more proactive and preventative.

This uplift in capability allows us to better understand and manage environmental and public health risks and to tackle waste crime.

For example, EPA's drone surveillance program, known as our Remotely Piloted Aircraft System (RPAS) is increasingly being used to support investigations and capture evidence for prosecutions.

Over the past year, EPA's drones have for the first time used ground penetrating radar and thermal imaging to inform site cleanups.

RPAS has also been used for:

- › assessing compliance, including assessing breaches of EPA landfill licences
- › monitoring and overseeing site cleanups, such as the construction and demolition recycling site at Broderick Road, Lara and the Glass Recovery Services site
- › detection of illegal waste stockpiles at Kaniva to support investigation and site cleanup.

EPA is also using data and analytics to conduct risk assessments of sites that could pose a threat to the environment and human health, considering factors such as past compliance history, finance risk and proximity to sensitive environments and communities. Our risk assessments allow EPA to prioritise inspections and regulatory interventions at sites across Victoria, focusing our regulatory efforts where they are needed most.

Outcome 1.2

Support good performance, a level playing field and continuous improvement through effective regulation

Waste crime prevention and high-risk sites management

Strong and consistent regulation by EPA and a zero tolerance approach to non-compliance supports a level playing field for industry by ensuring that businesses cannot profit from illegal or non-compliant behaviour.

The scale of deliberate waste crime uncovered by EPA and co-regulators throughout 2018–19 has reinforced the need for whole-of-government coordinated action of high-risk and hazardous waste sites and for us to become a stronger law enforcement agency with improved intelligence and data analytics capability to protect the community from harm.

Better intelligence sharing with other agencies including co-regulators has enabled us to better detect waste crime and enforce the law against those responsible for causing environmental damage.

In February 2020, the Victorian Government announced *Recycling Victoria: A New Economy* policy – a comprehensive 10-year plan to reform Victoria's waste and recycling system. Under this policy, EPA will receive around \$49 million in funding over four years to tackle waste crime and manage legacy high-risk waste sites.

EPA began the establishment of two new directorates within our Regulatory Operations Division. The Waste Crime Prevention Directorate includes three compliance and enforcement teams that will serve the community at our Preston, Dandenong and Sunshine offices, building on our capability in areas such as behavioural science, forensic accounting and data and analytics.

The High Risk Sites and Emergency Coordination Directorate will continue to deliver EPA's work in emergency management and response and includes a dedicated team focused on high-risk sites and hazardous waste.

Over the past year, we have worked with DELWP, emergency management agencies and co-regulators to implement the Coordinated Prevention & Response Framework for

high-risk waste sites. This framework provides a cross agency and risk-based approach to coordinated regulatory oversight of high-risk and hazardous waste sites in Victoria and has already delivered improved environmental, public health and regulatory outcomes.

Electronic waste transport certificates

EPA phased out paper waste transport certificates (WTC) from 1 July 2019 and mandated the use of an electronic WTC system for hazardous waste movements. This enables better regulation of the waste sector through an intelligence-led regulatory approach to identify and respond to non-compliance and is part of a range of measures to address illegal waste crime and protect the community from harm.

Previously, we used a mix of electronic and paper waste transport certificates, with up to 100,000 paper certificates received annually.

We engaged widely to support industry with the change, including four information sessions in collaboration with the Victorian Waste Management Association (VWMA) in June 2019, representing 60 per cent of the WTCs received by EPA. We also engaged with stakeholders at the 2019 Waste Expo and gave presentations on the transition to the Australasian Land and Groundwater Association, Contaminated and Hazardous Waste Event and the Environmental Auditors Conference. EPA also directly contacted those using paper certificates to assist their transition.

EPA pursued a targeted waste transport compliance and enforcement program that resulted in 27 investigations, 17 warnings, two infringement notices and the cancellation of a transport permit.

EPA's waste tracking system

While moving from paper to electronic waste certificates has improved EPA's oversight of hazardous waste movements, the commencement of Victoria's new environment protection laws in 2021 will further modernise Victoria's waste transport system. Additional digitisation of our systems will also provide EPA with real-time insights on waste movements from producers, via transporters, to receivers.

EPA's new Waste Tracker was announced in April 2019 and is an investment being delivered as part of our transformation. It is a GPS-enabled waste

tracking system which will be accessible via web browser or mobile phone to improve recording of movement and receipt of priority waste. Waste Tracker is scheduled for commencement on 1 July 2021 to support the new laws.

EPA this year worked to deliver Waste Tracker to an initial commencement date of 1 July 2020, building and testing the new Waste Tracker throughout the second half of 2019, with demonstrations with industry commencing in early 2020.

We engaged with industry in a variety of ways, including walk-throughs of the system prototype at the 2019 Waste Expo and a series of Reference Groups with both EPA and industry in late 2019.

Demonstrations were also conducted with the Victorian Waste Management Association and several businesses in early 2020.

The postponed commencement of the legislation to 2021 means EPA will continue to use our existing electronic waste transport certificate systems until the new laws commence.

The outcomes of EPA's engagement program have informed our understanding of how to best support industry with the transition when the technology goes live on commencement of the Amendment Act.

Enforcing financial assurance regulations to guarantee cost recovery

This year, EPA revoked the licence of Memtech Corporate Pty Ltd in Campbellfield following its continued failure to provide a financial assurance as specified by the *Environment Protection (Scheduled Premises) Regulations 2017*. The purpose of a financial assurance is for the duty holder to guarantee funds are available in the event a cleanup of its premises is required.

EPA had issued a notice to the duty holder requiring removal of remaining prescribed industrial waste from the site to an appropriate facility. The waste has now been removed.

EPA is developing additional guidance on evaluating financial assurance under the new *Environment Protection Amendment Act 2018* (Amendment Act). Upon the commencement of the Amendment Act, financial assurance will also apply to medium and large-scale waste and resource recovery facilities.

Outcome 1.3

Encourage increased participation by business and community in preventing and managing environmental risk

Strategic reference groups

EPA increased its engagement with our reference groups throughout the year across industry, community and government to build stakeholder readiness on the new laws and supporting instruments.

Reference groups held throughout the year provided an avenue for EPA to clarify questions and concerns from the community, industry and government in relation to the new laws, allowing them to report this information back to their members, constituents or colleagues.

EPA convened a Government Reference Group, comprising stakeholders working in areas such as major infrastructure, waste management, resources and local government, to communicate about impacts of the new laws on their operations, and to help us better collaborate with them as partners.

Introduced in 2018–19, industry reference groups represent close to 100 industry associations and relevant state government bodies across small business, manufacturing, construction, infrastructure, agriculture, major industries, water and waste and recycling.

EPA's strategic advisory group includes CEOs or Victorian heads from relevant industry associations, peak bodies, and key community and environment groups.

During the year, EPA ran a series of sessions with our strategic advisory, community reference and government reference groups involving more than 100 key stakeholders, as well as running quarterly industry reference groups.

EPA also met with individual reference group members' stakeholders and colleagues to ensure we reached a wider segment of Victorians.

EPA leads single-use plastic bag ban implementation

EPA led education and engagement activities to improve duty holder compliance before and after the commencement of Victoria's single-use plastic bag ban.

The single-use plastic ban came into effect on 1 November 2019 to protect the state's environment and wildlife from plastic pollution.

The ban applies to all Victorian retailers, wholesalers and manufacturers of plastic bags and covers all lightweight plastic bags with handles which have a thickness of 35 microns or less at any part of the bag, including degradable, biodegradable and compostable bags.

Under the ban, retailers must not sell or provide banned plastic bags to their customers. Further, retailers, wholesalers or manufacturers of plastic bags must not provide, whether by act or omission, false or misleading information about banned bags.

DELWP engaged the support of retail industry groups to help retailers with the transition as part of the Victorian Government policy implementation. EPA worked closely with the National Retail Association, as well as the Australian Retailers Association, visiting retailers to ensure they were aware of the new laws and their requirements. EPA also provided advice and guidance to businesses on how to identify and manage the risks of their activities.

The community has been encouraged to report if they were sold or given a banned bag and 122 reports have been received via EPA's Interaction Portal. EPA has followed up these reports directly with retailers and provided compliance advice about their obligations.

We continue to engage with retailers, manufacturers and wholesalers to support the implementation of the ban.

Outcome 1.4

Provide early advice to influence land use planning decisions

EPA's role in land planning

In its response to the MAC Inquiry, the Victorian Government committed to providing greater support to prevent harm to the environment and human health by requiring authorities to seek early advice from EPA on strategic planning processes.

EPA has strengthened our partnerships with several government departments and stakeholders to offer additional support on land use planning and help them prepare for the new *Environment Protection Amendment Act 2018* (Amendment Act). We have helped prepare planning stakeholders for the Amendment Act

through a variety of forums, including engaging with key stakeholders such as the Municipal Association of Victoria, individual councils and peak professional bodies, and through public consultations on the Engage Victoria website.

Referral requests to EPA planning increased by 26 per cent over the past year, while there has also been a 30 per cent reduction in late stage requests for advice – indicating higher levels of early engagement with EPA.

In addition to advising local councils on a range of matters, EPA advised key planning agencies such as DELWP, Victorian Planning Authority, VCAT, Planning Panels Victoria and Ministerial Advisory Committees on planning amendments, applications, and major projects. Some significant proposals where our advice was sought in 2019–20 include Fishermans Bend, Clayton Business Park and the decommissioning of the Hazelwood Power Station.

We also worked with Earth Resources Regulation through the Department of Jobs, Precincts and Regions to increase our involvement in providing advice on mining proposals.

EPA worked with DELWP on a proposal to update the Victorian land use planning system to prepare for the new Amendment Act. Consultation on the exposure draft updates closed in June 2020. The updates are intended to reflect the new environment protection framework and include amendments to the management of potentially contaminated land.

EPA and DELWP also completed a review of the planning system to improve the way the planning system addresses buffer issues (conflicting land uses) and their associated impacts on amenity, human health, and safety.

Environmental Effects Statements for major projects

In Victoria, public works sometimes require an assessment of the potential environmental impacts or effects of the proposed development under the *Environment Effects Act 1978*. This assessment is called an Environment Effects Statement (EES), and enables statutory decision makers to determine whether a project should proceed.

This year, EPA assessed projects including Fingerboards Mineral Sands, Crib Point Gas Import Jetty and Pipeline, Kentbruck Green Power Hub, Avonbank Mineral Sands and the Golden Beach Gas Project. We also provided



OFFICERS FOR THE PROTECTION OF THE LOCAL ENVIRONMENT PILOT EXPANDS

Establishing a statewide network of local government enforcement protection officers is part of our transformation program, helping to build a modern environmental regulator that reflects community expectations.

Since commencing in 2017 our Officers for the Protection of the Local Environment (OPLE) pilot has reduced the environmental and amenity impact of small-scale waste and pollution in municipalities throughout Victoria.

OPLEs are employed by EPA and work within local councils to respond to reports from community on issues such as litter, illegal dumping, noise, dust and odour – resulting in stronger partnerships, faster response times and increased accountability that delivers better environmental outcomes for community, industry and government.

Eleven OPLEs were initially placed in 13 Victorian councils, including metropolitan Melbourne and rural councils. In June 2019, the Victorian Government's Sustainability Fund committed \$3.4 million to extend and expand the pilot to 30 June 2020. Ballarat and Maribyrnong were among those councils that joined the now 23 councils in the pilot.

The extended pilot maintained its existing emphasis on small-scale pollution issues while also working to reduce illegal chemical and waste stockpiling.

During 2019–20, OPLEs investigated 536 community reports, completed 1,013 inspections at 749 sites, and issued 63 notices and 20 sanctions.

OPLE improves response times in Maribyrnong

Located in Melbourne's inner west, Maribyrnong Council joined the OPLE pilot in September 2019, leading to strengthened relationships and improved response times between council, EPA and community. The council area includes Stony Creek, which is undergoing rehabilitation following significant firewater run-off from the 2018 West Footscray fire.

The OPLE supported the Stony Creek Rehabilitation Plan and the health of other

local rivers by proactively identifying potential polluters, including inappropriate storage of liquid waste at high-risk sites, educating duty holders on their environmental obligations, and issuing notices where appropriate.

'The community appreciates having someone at council who is responding to reports as well as proactively inspecting businesses within the municipality,' the OPLE said.

Improving CBD amenity in Ballarat

Having joined the OPLE pilot in October 2019, a key focus for the City of Ballarat is raising local builders' awareness of their environmental obligations and working with CBD retail businesses to improve waste management practices. The OPLE raised awareness of best practice waste collection systems and provided advice to businesses on improving their approach.

'By working closely with duty holders, we've also improved direct communication and coordination between EPA, the City of Ballarat and the community,' the OPLE said.



OPLEs employed by EPA are embedded within local councils to prevent harm from small-scale waste and pollution. (Photo taken prior to coronavirus [COVID-19].)

expert advice on major transport infrastructure construction projects such as Melbourne Metro Tunnel, West Gate Tunnel, North East Link, Mordialloc Bypass and the Level Crossing Removal project.

We participated on the Technical Reference Group (TRG) for 10 EES projects across major infrastructure, mining and energy. As a TRG

member, EPA provides advice to proponents and DELWP on potential impacts to public health and the environment from the project designs. Our advice has resulted in amended designs, the incorporation of recommended environment performance standards, and contributes to informed decisions by the relevant authorities.

GOAL 2 Equip community and business

We support Victorians to understand the condition of their environment and we work to ensure shared responsibility is accepted and understood by community and business



Outcome 2.1

Provide timely, accessible information on the condition of Victoria's environment and expert advice on the human health impacts of pollution and waste

Monitoring ambient and recreational water quality during summer

Beach Report and Yarra Watch programs help the community make informed decisions about swimming and other recreational water-based activities during summer. The programs are conducted at 36 beaches in Victoria's Port Phillip Bay and four sites on the Yarra River.

In summer, EPA used water quality standards for issuing swim advisories that align with the latest recommendations from the National Health and Medical Research Council. The new standards are based on scientific studies linking microbial levels in water with the risk of illness to better protect public health.

In 2019–20, these sampling programs showed that water at the Bay and Yarra River sites was safe for swimming 94 and 84 per cent of the time, respectively. Sampling results are measured against the State Environment Protection Policy (Waters) (SEPP (Waters)) short-term microbial objectives. Most of the sampling results that failed to meet the short-term objectives were due to stormwater pollution following rainfall.

EPA and Melbourne Water have partnered with Monash University to conduct research on Yarra River water quality to better understand the sources, pathways and health risk of pathogens in the Yarra River to help inform any future management/regulatory interventions that may be needed.

Outcome 2.2

Provide clear advice and guidance that supports compliance with environmental obligations

EPA released a range of industry and hazard-based guidance publications designed to help duty holders assess their risk and identify and put in place controls to manage it.

We have translated key guidance materials for culturally and linguistically diverse communities to assist duty holders to comply with the new laws. This includes *Assessing and Controlling Risk*, and *Industry guidance: supporting you to comply with the general environmental duty*, which was translated into 16 different languages.

EPA also released the first piece of dedicated guidance for the auto recycling sector – *the Auto Parts Recyclers' Guideline*. We collaborated extensively with industry to develop the guidelines, including conferences, workshops, and one-on-one meetings with the Victorian Automobile Chamber of Commerce (VACC). The VACC have



MONITORING AIR QUALITY DURING VICTORIA'S BUSHFIRES

For more than 20 years, EPA has provided Victorians with critical information about air quality across our state, helping the community to understand the impact of air pollution and the condition of their environment.

As part of EPA's transformation program, this year we responded to social research carried out in 2018–19 which identified a need to provide a more timely service to inform communities of local threats from pollution and the potential impact on human health.

EPA's AirWatch platform previously showed the locations of our monitoring systems along with a series of graphs measuring an air quality index and a health category for some equipment.

EPA adapted AirWatch to replace the index with one set of air quality categories and health messaging for all pollutants. This provided end users with hourly information and up to 48 hours of data in an easy to understand format. Our move away from 24-hour health messaging means we are one of the first government bodies in Australia to show health messages of one-hour PM_{2.5} averages, providing Victorians with information to protect their health in real time.

In addition to offering general health advice to Victorians on all pollutants, a mobile-friendly display ensures AirWatch is widely accessible.

During the bushfire season, EPA was able to use the enhanced AirWatch system to forecast air quality across Victoria. We also responded to community feedback to forecast four days of air quality data, providing Victorians with an advanced warning of what air conditions to expect.

EPA's advanced AirWatch system also supported significant increases to visitor traffic during the bushfire season. AirWatch traffic grew from an average of 3,200 daily users prior to the development of the new system, to 14,200 in February 2020.

On 14 January 2020, 220,000 unique visitors viewed EPA AirWatch with around 5,000 logging on once every minute the following day. EPA's new website was able to respond

to these surges in traffic by adding additional capacity. Over the summer bushfires, EPA's AirWatch delivered a total of 3.9 million views with AirWatch posts on social media receiving more than 3.2 million impressions.

EPA's AirWatch continues to provide one-hour health messages relating to air quality across the state.

In late 2019–20, EPA won an international award for efforts to deliver vital forecasts and health warnings to Victorians during the bushfires. The Sitecore Experience Award awarded EPA in conjunction with Deloitte Digital (Australia) the Most Impactful Human Connections in a Changing World Category.



EPA's AirWatch provided critical health messages to Victorians in real-time during the 2019-20 summer bushfires. (Photo taken prior to coronavirus [COVID-19].)

indicated they would like to see the guidelines applied nationally and have provided them to the Federal Government.

EPA also released a concrete batching guide for the pre-mixed concrete industry, a fact sheet on managing combustible recyclable waste materials, the use of glass fines, as well as solids storage and handling guidelines.

We released a Self-Assessment Tool for Small Businesses to help small businesses understand what the new laws could mean for them and ways they can manage their risks of harm. The tool encourages organisations to identify and assess risks, implement suitable controls, and check them regularly.

EPA began development of seven sector guides for key industries, to be released in early 2020–21. We established the Small Business Program Pilot, that will see consultants offer tailored advice on assessing and controlling risks to eligible businesses in 2020–21 to inform future program development. We continue to work with industry to develop prevention-focused guidance material, with more guidance to be released in the coming year.

Outcome 2.3

Facilitate community engagement in environmental management and decision-making

Engaging the community on EPA's regulatory decisions

Section 20B Conferences provide an opportunity for EPA to listen to, better understand, and take into account, the views and concerns of our community and stakeholders in relation to upcoming proposals.

The conferences allow EPA to explain the works approval application, assessment process and current status of proposals, while participants are able to ask questions and hear about issues raised in submissions. An independent facilitator produces a report at the end of each conference, which our assessors draw on to help inform whether any amendments to the works approval are required.

Five section 20B Conferences were held this year for a range of proposals. EPA requested further information from applicants following an independent assessment process, including asking them to initiate a technical study and/or amend their application to address issues raised at the conference.

EPA also held eight public information sessions to provide the community with additional information on the works approval application and submission process.

Engaging the community to participate in 20B Conferences included promotion via EPA's websites and invitations were sent directly to those who had made a written submission and/or registered their interest. This included the works approval assessment for a waste-to-energy facility from Recovered Energy Australia.

Due to coronavirus (COVID-19), a Section 20B Conference planned for the Longwarry Saleyard Pty Works Approval was held as a two-part process online.

The online conference was held in May 2020 and outlined responses to the main themes of the questions posted on the online forum, including water management onsite, potential flood and odour risks and other issues.

Developing a charter of consultation

EPA developed a draft charter of consultation, which outlines EPA's commitment to engaging with all Victorians to inform our activities, standards and decision-making.

The charter is a requirement of the *Environment Protection Amendment Act 2018* (Amendment Act) and was created to explain how EPA will consult with the community in the course of our regulatory work, and what they can expect of us.

In September 2019, EPA released our draft charter of consultation for public comment.

The charter outlined the following principles for consultation with community:

- › **Access to information:** producing accessible, informative, authoritative, and timely information to help stakeholders participate in consultation.
- › **Participation:** creating appropriate opportunities for stakeholders to participate in decision-making.
- › **Transparency:** giving clear direction on the scope and objectives of our decisions, the consultation processes that support them, and publishing our decisions.
- › **Recognition:** recognising the diversity of culture, language and ability in our community, and identifying the potential impacts of our decisions on stakeholder groups and the public.

WATER MONITORING AT STONY CREEK

Since 2018, EPA has partnered with the Kids Teaching Kids Program, sponsored by Melbourne Water and DELWP, to raise water literacy among young people, while promoting positive wellbeing and active participation in environmental management through practical experience.

EPA was a silver sponsor of the 13th annual Melbourne Water Kids Teaching Kids Conference in October 2019. As part of this collaborative partnership, EPA led a series of water quality monitoring activities at Stony Creek.

Students from Spotswood Primary School learnt about EPA's role in testing waterways, particularly during pollution events. They discovered how EPA uses our applied science expertise to provide advice and complete long-term research on water health. This included EPA's ongoing work with partner organisations to rehabilitate Stony Creek following contaminated run-off from the West Footscray/Tottenham factory fire.

EPA's Citizen Science team visited the school to familiarise students with water monitoring equipment. The team also brought water samples from Stony Creek. Students measured pH, salinity, temperature, and turbidity, and learnt how to identify macroinvertebrates (small animals).

The students then visited Cruickshank Park to learn about and conduct sampling in the field with assistance from EPA. The

community collected additional data during a Cruickshank Park Community Day which helped inform the dataset.

Following these activities, students from Spotswood Primary performed a piece about their experience at the Kids Teaching Kids Conference opening ceremony on 29 October 2019. In recognition of their efforts, they were presented with EPA Citizen Science certificates, signed by EPA CEO Dr Cathy Wilkinson and EPA Chairperson Cheryl Batagol.

All students increased their scientific literacy by being involved in the program.



Students from Spotswood Primary School measured pH, salinity, temperature and learnt how to identify macroinvertebrates with support from EPA as part of the Kids Teaching Kids Program. (Photo taken prior to coronavirus [COVID-19].)

- › **Engagement:** building trust with our stakeholders by facilitating effective consultation processes.
- › **Feedback:** reporting back on how people's input has been considered in decision-making.

Feedback from stakeholders via the Engage Victoria website was considered in early 2020. The charter is set to be published in 2021 in readiness for the commencement of the Amendment Act.

Educating Victorians through science

EPA's Environmental Science Seminar Series provides an opportunity for community, industry, and business to learn about environmental science topics impacting Victorians.

The series of free seminars were launched in 2017 by our Chief Environmental Scientist, Dr Andrea Hinwood, and are presented by leading scientific experts. The seminars deliver on EPA's Applied Science Strategy by developing community access to scientific information and advice.

Three public seminars were delivered throughout 2019–20 at Melbourne venues and live streamed online, reaching a total of more than 800 participants across Victoria and beyond.

Seminars delivered were 'Electricity generation – changing for the future'; 'Behaviour Change – building a culture of environment protection' and 'Changing the conversation of odour management'.

Each seminar was well attended and promoted through social media and EPA's digital channels. 'Electricity generation – changing for the future' attracted international attendees and featured Dr Jill Caaney of Energy Networks Australia, while 'Behaviour Change – building a culture of environment protection' featured guest speaker Dr Jeni Cross from the University of Colorado.

EPA's follow-up survey on the Behaviour Change session found that 90 per cent of attendees said they had attended the event to learn more about the science of behaviour change. Specific feedback provided on elements most valuable included the quality of the presenter and the chance to learn about international best practice in behaviour change. More than half of respondents strongly agreed they learnt a lot from the session, with positive feedback on the presentation content, presenters, and overall structure of the event.

Due to coronavirus (COVID-19), EPA's Environmental Science Series moved to online delivery for the 26 May 2020 presentation – 'Changing the conversation of odour management' and was presented by Professor Richard Stuetz of the University of NSW. All respondents in EPA's follow-up survey from the online event said they would live stream or attend another EPA Environmental Science Series event in the future.

Outcome 2.4

Acknowledge partnerships and clear role definition in environmental and human health protection

Resource Recovery Facilities Audit Taskforce

The Victorian Government's Resource Recovery Facilities Audit Taskforce, which is chaired by EPA, continues to work with the waste and resource recovery sector to achieve higher compliance and fire risk reduction in facility management.

EPA's role in the taskforce is to understand the unique risk of individual waste and resource recovery facilities to help duty holders eliminate or reduce harm to human health and the environment from their activities.

Made up of government agencies with expertise in regulation and fire management, the taskforce completed over 350 inspections at 128 resource recovery facilities, issuing 124 notices and 27 sanctions.

The taskforce focused significant time and resources at the Glass Recovery Services site.

EPA and the taskforce's approach to driving behaviour change within the resource recovery sector also involves strategic planning with other regulators, workshops, and engagement with industry associations.

The taskforce provides additional support through industry guidance publications that aim to improve compliance.

The *Management and Storage of Combustible Recyclable and Waste Materials (CRWM) – Indoor Storage Guideline* is an example of the taskforce's work with interagency partners.

The recently released guideline is an adjunct to EPA's 2018 publication – *Management and Storage of Combustible Recyclable and Waste Materials Guideline*.

The guideline aims to help owners and operators of facilities storing or processing CRWM to understand the legislative requirements related to indoor storage.

The guideline is applicable to duty holders including building owners, occupiers and operators of waste and resource recovery facilities in Victoria. It sets out expectations and measures from EPA and fire services to minimise fire risks such as effective risk management, planning, building and design, facility operation and emergency preparedness.

The publication was a collaborative effort led by the taskforce, with input and support from numerous government departments and agencies, including EPA, Country Fire Authority, Metropolitan Fire Brigade, Victorian Building Authority, WorkSafe, and the Municipal Association of Victoria.

The taskforce is now developing the regulatory approach for assessing and monitoring compliance of indoor storage of CRWM.

GOAL 3 Be an influential authority

We are a trusted source of advice on Victoria's environment and influential in working with others to address complex problems resulting from pollution and waste



Outcome 3.1

Use applied science expertise to shape EPA's monitoring, identification, reporting and response to environmental and human health risks

Delivering our Applied Science Strategy

The role of EPA's Chief Environmental Scientist (CES) was one of the first outcomes of the MAC Inquiry to ensure we identify and assess environmental risk based on applied science and determine acceptable standards for our shared environment.

EPA's Applied Science functions are overseen by Victoria's CES – Dr Andrea Hinwood.

Dr Hinwood has focused on building our science and regulatory capability through the provision of scientific and expert advice since her appointment to the newly created role in 2017. This is being delivered through a five-year Applied Science Strategy.

This year, actions broadly focused on:

Capability building:

- › increased staffing and realignment of the Applied Science Division (ASD) has significantly boosted staff numbers across a range of science areas. This uplift has enhanced the capability and capacity of ASD to provide quality applied science that supports prevention, response, and regulatory decision-making
- › the introduction of a new CES/ASD operating model included the creation of a Deputy Chief Environmental Scientist position, aimed at increasing the capacity of the CES role and providing extra support for decision-making, staff mentoring and external communications
- › learning and development opportunities for all ASD staff is improving our ability to deliver expertise. Training provided in 2019–20 was extensive and included science communications, Health Risk Officer training, First Responder, and operational response to HAZMAT incidents.

Research and Development to increase knowledge and capability through partnerships with industry, government, academia and community. Projects currently underway will help:

- › understand the impacts of pollution on human health
- › improve the way we monitor pollution in drains and recreational waters
- › identify the distributions and impacts of emerging contaminants (such as PFAS, microplastics and phthalates).
- › measure air pollutants and noise
- › investigate the usefulness of sensors and new modelling technologies
- › incorporate environmental justice and restorative justice into regulatory decisions
- › address legacy contamination from past mining and industrial activities.

Underpinning EPA's transformation with science by:

- › enhancing EPA's technical and advisory capability through the acquisition, preparation, and deployment of equipment to increase EPA's environmental monitoring, including during emergency incidents. This includes upgrading existing water monitoring equipment, expanding our fleet of portable PM_{2.5} air monitoring equipment and commencing procurement for additional gas and water monitoring equipment
- › the development of web-based tools that support simplified data analysis across waste transportation certificates, site monitoring and EPA's regulatory data to proactively prevent harm from pollution and waste and target waste crime more effectively
- › better storage, access and sharing of data to support clear and consistent advice to community and other stakeholders
- › collaborating with local and international agencies to understand the significance of emerging contaminants in the environment

- › supporting the development of guidance, Environment Reference Standards and other subordinate legislation that will take effect with the new laws. The ERS will replace State Environment Protection Policies (SEPPs) and Waste Management Policies (WMPs) as the benchmark to assess environmental conditions and protect and improve the health of our natural environment.

Outcome 3.2

Partner with key agencies to address complex pollution and waste challenges

The Illegal Waste Disposal Program

EPA is working with government, industry, and the community to lower levels of illegal waste disposal in Victoria through coordinated and targeted regulatory interventions that deter and detect offenders. Our Illegal Waste Disposal Program operates in partnership with key agencies, with a focus on preventing, identifying, and intercepting criminal activity in the waste sector.

The objectives of the program are to:

- › disrupt the systematic illegal disposal of wastes
- › create a credible threat of detection
- › enforce the law against those looking to dispose of waste illegally.

During the past year the program has:

- › delivered co-regulatory intelligence-led inspections that target high-risk sites through Victoria where chemicals, dangerous goods and wastes may have been inappropriately stored, handled or treated
- › delivered two BuildAware events with co-regulators in Wodonga and Warrnambool to address illegal disposal and non-compliant practices in the construction and demolition sector
- › developed a project to identify and document the true costs of illegal waste disposal in Victoria to government, community, and industry. The project will be delivered in 2020–21 and help inform future interventions across government
- › established a centralised illegal waste disposal compliance and enforcement team which leads complex illegal waste disposal cases and provides support and capability development to authorised officers across EPA's regions.

Working with regulatory partners to disrupt illegal waste crime

Over the past two years, major industrial fires at West Footscray and Campbellfield and the discovery of illegally stored chemical waste has shone a light on the scale of deliberate waste crime across Victoria.

This has highlighted the need for us to continually adapt and improve our capability to address emerging risks and meet community expectations.

In collaboration with our regulatory partners, including WorkSafe, Victoria Police, emergency services agencies and local councils, EPA continues to take strong enforcement action against those responsible for waste crimes and the significant impact on our environment and community.

In total, EPA has conducted more than 518 inspections over the past two years as part of a coordinated investigation with our regulatory partners into illegally stored chemical waste, issuing more than 43 notices.

In March 2020, EPA laid 12 charges against a man in his 50s, including aggravated pollution – the most serious offence under the *Environment Protection Act 1970*, for the illegal storage of dangerous chemicals at warehouses in Epping.

That same month, EPA laid 10 charges against chemical storage operator Bradbury Industrial Services and its director in relation to the fire at Bradbury's Thornycroft St, Campbellfield facility.

EPA filed a total of 34 charges in June 2020 against Delacor Pty Ltd, including multiple counts of aggravated pollution, following a criminal investigation into the site of the Tottenham fire. The matter is now before the courts.

Outcome: 3.3

Collaborate with other regulators to remain at the forefront of regulatory practice

Australasian Environmental Law Enforcement and Regulators neTwork (AELERT)

A key part of EPA's work to be an effective and influential regulator is sharing our knowledge and capabilities with our regulatory partners and learning from their experience.

We continued our work with the Australasian Environmental Law Enforcement and Regulators neTwork (AELERT) which is focused on solving



BRODERICK ROAD, LARA INTERVENTION

In April 2019, EPA began a cleanup project of an estimated 340,000m³ of waste stockpiled at Broderick Road, Lara, near Geelong.

Poor site management by the occupier and the owner of the site had resulted in an unacceptable fire risk to the local community, environment, and emergency services. This led to EPA using its regulatory powers to step in to reduce the risk to the community.

Working closely with the City of Greater Geelong (CoGG), the Country Fire Authority (CFA), Victoria Police, WorkSafe and the community, EPA continues to clean up the site to make it safe, disposing of waste materials and minimising the fire risk.

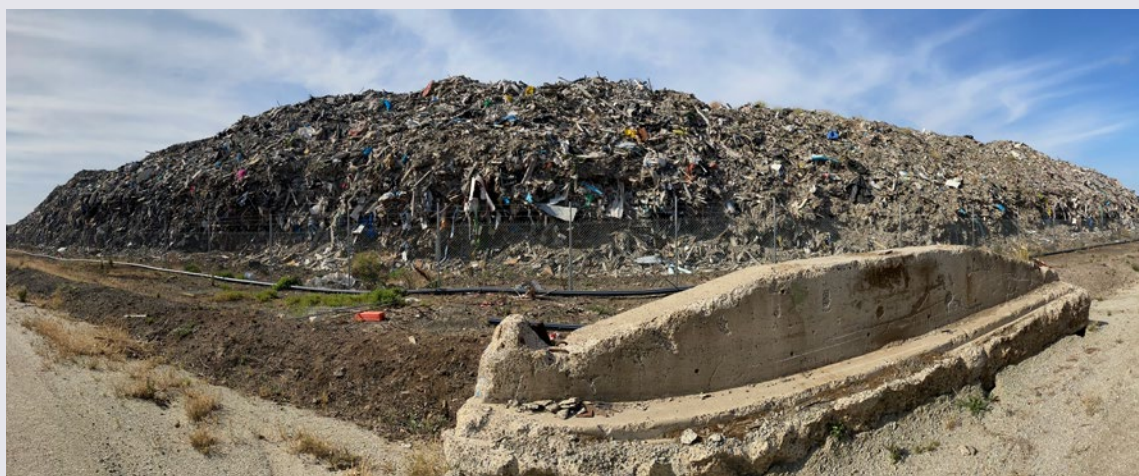
The Broderick Road Cleanup Project is being completed in three stages. Stage one (timber processing and removal) and stage two

(contaminated soil removal) were completed from September 2019 to April 2020.

About 44,000m³ of timber was removed from the site as part of stage one works. Timber was processed into mulch onsite and transported to various vegetation projects throughout the region.

During stage two works, about 9,000m³ of contaminated soil was removed from the site under strict WorkSafe controls and supervised by an independent occupational hygienist.

The final stage of works, stage three, commenced in June 2020. Stage three works involve the removal of about 290,000 m³ of mixed construction and demolition waste spread across four main stockpiles. Stage three is expected to be completed in mid-2022.



EPA removed a large stockpile (pictured above) as part of a three-stage cleanup project at Broderick Road, Lara, near Geelong.

shared environmental issues across jurisdictions. A key achievement this year was the creation of four new communities of practice (CoPs): Water Compliance, Intelligence & Analysis, Wildlife Crime and Waste Crime.

Throughout the year, the Intelligence and Analysis CoP met regularly to share intelligence products and assist with requests for information during Australia's response to coronavirus (COVID-19). One milestone included the launch of national intelligence practice standards with DELWP and

the Australian Institute of Professional Intelligence Officers. This drives consistency nationally across many areas of the intelligence craft including social media interrogation and information sharing, which helps shape EPA's regulatory approach.

Ten representatives from EPA also shared regulatory approaches at the annual AELERT-INECE (International Network of Compliance and Enforcement) Conference in March 2020 on a range of topics including combustible recyclable and waste materials guidance; odour regulation

in Brooklyn; restorative justice approaches in environmental enforcement; the Victorian Government's Resource Recovery Facilities Audit Taskforce; and mentoring through EPA's authorised officer training program and the Officers for the Protection of the Local Environment pilot.

As Secretariat for the Heads of EPA Australia and New Zealand (HEPA), we also continued our work across all jurisdictions in Australia and New Zealand to prevent harm, influence policy and practice, and to share scientific expertise.

Since March 2020, HEPA and AELERT have both focused on facilitating information sharing during Australia's COVID-19 response.

Outcome: 3.4

Enhance our environmental public health capability that gives community confidence

The role of environmental public health in preventing harm

The environmental public health function works across EPA and in close partnership with the Department of Health and Human Services and the Chief Health Officer to monitor, identify and assess environmental health risks.

This human health advice supports our regulatory and policy decision making that informs better environmental public health outcomes.

One of the Environmental Public Health Unit's key functions is to ensure our preventative approach is put into practice consistently across all of EPA's regulatory activities.

This has been achieved by:

- › providing input into a range of frameworks, regulations, tools and guidance that will operate under the new legislation
- › leading and facilitating cross-jurisdiction and government forums on a range of important environmental human health topics, such as PFAS and other emerging contaminants, smoke, and air quality
- › delivering health risk officer training and providing critical environmental public health advice as part of EPA's emergency management team
- › providing specific human health advice for large infrastructure projects.

Regulation informed by science

This year, EPA responded to almost 1,700 requests for scientific or technical advice from internal staff and external stakeholders. Some examples of this advice include:

Investigation into illegal chemical warehouses:

- › providing sampling and analysis advice to EPA's field officers
- › managing the analysis of investigation samples
- › providing expert advice on the composition and risks associated with the materials and chemicals stored onsite.

Support for East Victorian Fires recovery:

- › providing technical advice to ensure safe management and disposal of wastes resulting from the bushfires
- › carrying out air quality monitoring and recreational water quality sampling
- › expanding EPA's air quality forecasting, providing forecasts for a total of 12 regions across Victoria.

Advice at Broderick Road, Lara:

- › to classify and manage stockpiles of waste onsite
- › to sample, assess and safely dispose or repurpose stockpiles of treated pine and other timber
- › providing ongoing advice on the material management plan to deal with the remaining piles of waste.

Community advice:

- › to not eat fish contaminated with PFAS from sections of the Maribyrnong River and Arundel Creek
- › on the reuse of contaminated soil at sites
- › on how to use air purifiers during the periods of hazardous air quality
- › to not drink or irrigate with untreated contaminated groundwater
- › communication materials on the potential human health effects of contaminants and risks of exposure to concerned community members.

GOAL 4 Respond to harm

We hold polluters to account and work with our partners to respond to pollution and emergency incidents and legacy contamination to minimise harm to Victoria's environment and people



Outcome 4.1

Deliver timely and proportionate consequences for those who do the wrong thing

Prosecuting offenders for pollution of our environment

EPA improved the timeliness of our prosecutions through increased resources and improved processes.

This improvement comprised further use of preliminary briefs and a streamlined approvals process for progressing prosecutions. This year, EPA completed 29 prosecutions (four of which were in the Supreme Court), provided advice on more than 400 matters, progressed 28 litter prosecutions, pursued 15 VCAT matters and finalised five supreme court civil matters.

In September 2019, EPA laid charges against Glass Recovery Services within four business days of detecting an offence in relation to the duty holder's non-compliance with notices to prevent fire risk and contamination. This is part of an on-going investigation at the GRS site to protect the community from harm.

Of note is the outcome in the Hazelwood Mine Fire case. This case related to a fire which burned in the Hazelwood coal mine for 45 days, significantly impacting the Latrobe Valley community and our environment.

In May 2020, the Supreme Court fined four companies a total of \$380,000 over the mine fire. The fine followed a guilty verdict in July 2019 against Hazelwood Pacific Pty Ltd, Australian Power Partners B.V., Hazelwood Churchill Pty Ltd and National Power Australia Investments Ltd. The companies were found guilty of three charges, all of which related to polluting the atmosphere.

Kaniva waste dump

EPA's investigation into waste crime operations this year led us to intervene at an illegal waste dump at a 1,400-acre rural property south of Kaniva, close to the South Australian border.

This regulatory action commenced in December 2019 and followed the duty holder's failure to meet cleanup notice requirements.

With the safety of local community and protection of the environment a priority, EPA secured the premises, conducted groundwater testing, soil and vapour sampling, excavated several areas, and began planning for the site's remediation. These efforts were supported by Country Fire Authority (CFA), Victoria Police, West Wimmera Shire Council, Grampians Wimmera Mallee Water Corporation (GWMWater), WorkSafe and DELWP.

The use of ground-penetrating radar was critical in identifying up to 30 sites of interest on the property. Three areas where it was suspected waste was buried were partially excavated, uncovering several containers holding liquid wastes. This waste was transferred to an appropriately licensed site for disposal.

EPA kept the community informed with regular updates on our website, a monthly email to residents, local advertising and media engagement. Community meetings were also held in collaboration with government partners.

We continue to monitor the site and work with GWMWater to monitor groundwater quality, which has shown no signs of contamination.

EPA has also commenced preparations for cleaning up the waste sites on the property, including planning access points, building roads, obtaining necessary permits and contracts.

Charges are currently under consideration following a comprehensive investigation into how material arrived and was disposed onsite. Once the scale of dumped waste is known, EPA will also look to recover costs from the site owner.



TAKING ACTION TO REDUCE RISK

Key to our focus on preventing harm to the health of our community and environment is reducing risks through EPA's Resource Recovery Facilities Audit Taskforce, established in response to significant risks identified in the resource recovery sector.

The taskforce is focused on identifying resource recovery facilities that pose an unacceptable risk to human health and the environment, particularly in relation to fire.

Our inspections this year found stockpiles at the Glass Recovery Services (GRS) site contained contaminated waste and active hotspots, posing a fire risk. The waste also produced leachate, posing a risk of contamination into the nearby Merlynston Creek and Jack Roper Reserve.

In September 2019, EPA laid 14 charges against GRS and its sole director for breaches of notices and the *Environment Protection Act 1970* (EP Act). A further six charges were laid in December 2019.

Working closely with the cross-agency Regulatory Oversight Group, comprising Hume City Council, WorkSafe and the Metropolitan Fire Brigade, EPA led the site cleanup efforts at GRS.

In October 2019, EPA began emergency remedial action to minimise risks to the community from hotspots in the stockpiles. EPA used its regulatory powers under the EP Act to commence a cleanup of sections of onsite waste at the GRS site. The cleanup was focused on clearing the large stockpile of

contaminated glass waste from the site that included combustible wastes such as paper, wood, plastic and other organic wastes.

EPA's response involved onsite security and first response firefighting capability to reduce the immediate risk of fire and manage water pollution risks onsite.

In a staged approach, this work improved access to the area, monitored and excavated areas of high heat as well as containing, treating and removing contaminated water during and after rain events.

EPA monitored the air for volatile organic compounds and fine particulate matter onsite, at neighbouring businesses and in the community. This monitoring found all pollutants sampled had concentrations well below EPA guideline values.

Repeated non-compliance throughout 2018–19 and 2019–20 resulted in EPA revoking GRS's licence.

By June 2020, EPA's intervention had led to the removal of more than 145,000 tonnes of contaminated combustible waste and nine million litres of polluted water.

The site is now in the hands of a receiver and environment protection officers are keeping a close eye on compliance requirements. GRS and its director face 20 charges under the EP Act. EPA is pursuing all legal avenues for cost recovery.



Before and after: More than 145,000 tonnes of contaminated combustible waste has been cleared following the discovery of active hotspots at the Glass Recovery Services site in Coolaroo posing a fire risk.

Outcome: 4.2

High quality reporting of pollution incidents and timely risk-based response

Improving our response to pollution incidents

Throughout the year, EPA continued to improve its response to pollution reports from community and business by strengthening quality assurance across the whole pollution reporting system. This regulatory improvement is part of our response to an independent review of EPA's regulation of chemical waste.

EPA received 15,628 pollution reports in 2019–20. Our centralised dispatch function triages these reports from the community to prioritise and respond to them in a timely and risk-based manner.

We continued to monitor, review, and continuously improve our response to pollution incidents and management of regulatory risk by assessing the full lifecycle of pollution incidents, particularly those involving chemical waste.

In early 2020, EPA implemented improvements to our system, including our waste identification questionnaire, so that better quality information is captured during calls. We amended policies and procedures to ensure consistency, including reviewing and updating triage and incident management standard operating procedures.

In March 2020, EPA began a new initiative to benchmark our customer service. It found 76 per cent of 756 call centre customers surveyed up to June 2020 rated their experience as above average or excellent. EPA is investigating areas where these customer needs are not being met to continually improve our service delivery.

EPA will continue to strengthen our quality assurance program in 2020–21 to improve our regulatory capability and reduce the risk of harm to the environment and human health.

Outcome: 4.3

Provide technical advice on pollution and waste that makes a significant contribution to Victoria's emergency management system

Please see the case study on the following page.

Outcome: 4.4

Identify and manage legacy contamination to ensure land is efficiently returned to safe and useful purpose

Protecting the community from the impact of legacy landfills

EPA made progress this year in our regulation of closed landfills, as we worked closely with duty holders and communities to protect those living near high-risk sites. Our landfill post-closure program uses regulatory notices to manage the impact of landfill gas, contaminated land and groundwater from formerly licensed landfills via ongoing monitoring, rehabilitation and after-care.

To inform a technical risk assessment and planning for legacy landfill management, EPA issued 51 notices to relevant duty holders, including those targeted at managing specific risks and sites no longer requiring the post-closure process.

Understanding the complex health risks present has required EPA to manage these risks in three stages. This year, EPA issued 26 notices to manage the various stages of post-closure, including hydrogeological assessments and monitoring, rehabilitation and after-care. In the final stages, EPA issued eight Post-Closure Pollution Abatement Notices, requiring ongoing monitoring and reports to EPA and further testing of gas, vapour, soil and groundwater.

An example of this program is EPA's work with Brimbank City Council to regulate and manage environmental and health risks from the closed Sunshine landfills, including ongoing management and assessment and extensive community engagement.

Our work continues to finalise the remaining high-risk landfills under the Landfills Post-Closure Program and pave the way for new regulatory tools under the *Environment Protection Amendment Act 2018* (Amendment Act). Under this Act, there will be expectations on duty holders to notify EPA of risks from closed landfills and manage these accordingly.



SUPPORTING COMMUNITIES DURING THE BUSHFIRES

In the summer of 2019–20, bushfires burnt across eastern Victoria, with the state's North East and East Gippsland regions considerably impacted. These fires resulted in the loss of lives, as well as widespread damage to property, livestock and wildlife. Our efforts to provide practical, science-based public health advice enabled Victorians to protect themselves as best as practicable from smoke exposure and other emissions.

From November 2019 to February 2020, EPA advised other agencies and the community about air quality in real time, deploying air monitoring equipment across the east of the state at 13 locations.

Our people also monitored water quality at 17 sites and attended more than 37 community meetings.

EPA also played a key role in aiding the recovery effort, including waste management advice, environmental public health advice and engaging with the community in affected areas.

From March 2020, our Bushfire Recovery Team ensured that appropriate waste disposal arrangements were in place to support the recovery and rebuild of fire-affected communities. Between March and June, over 360 properties in East Gippsland and North East Victoria were cleared of destroyed or damaged buildings.

EPA also played a key part in Bushfire Recovery Victoria's Communication Working Groups. These were formed in the North East and Gippsland to coordinate recovery-related communication and engagement activities with impacted communities. Community-led virtual recovery hubs were subsequently set up in towns across the North East and East Gippsland regions.

Working together across our head office, Gippsland and North East regional teams, EPA has responded to ensure impacted communities are supported as they rebuild and recover.

220+

EPA staff
(field and
office)



20+

Community
events
attended



13

New and updated
publications
(December-
February 2020)



559

out of 736 properties cleaned up
(as at June 2020)



~50,000

tonnes

Waste cleared by external
contractors (as at June 2020)

4,525

Number of truck
loads of waste
removed





GOAL 5 Organisational excellence

As an organisation, EPA commits to delivering on its goals by enabling a high-performance culture that values our people and supports them with fit-for-purpose systems and expertise

Outcome 5.1

Deliver services that reflect community, business and government expectations

Delivering against our expectations and targets

In October 2018, the Minister for Energy, Environment and Climate Change issued a Statement of Expectation (SoE) for EPA for 2018–20. This statement sets out the Minister's expectations for EPA to deliver the Victorian Government's vision for environment protection that will bring EPA into the modern era.

In 2019–20, we delivered on all nine SoE measures by the stipulated timelines. Further information on our deliverables is detailed in Table 9.6 on page 43.

During the year, EPA also met all Budget Paper 3 (BP3) service delivery outputs. These outputs are measured through EPA's performance in preventing and reducing harm from pollution and waste through better regulation, conducting research and gathering intelligence to inform compliance activities. Further information on our BP3 outputs is detailed in Table 9.5 on page 42.

EPA delivered 75 per cent of commitments outlined in the Annual Plan 2019–20. Commitments not delivered relate primarily to projects that have been delayed, or had scope adjusted due to the deferred commencement of the new legislation. Some service delivery targets were also impacted by constraints related to major emergency events such as the summer bushfires or coronavirus (COVID-19).

Frontline learning for new legislation

EPA's transformation program is delivering a modernised learning and development program to build the capability of our authorised officers and EPA staff more broadly to increase our focus on the prevention of harm from pollution and waste.

Current authorised officers began a learning and development program to build on their existing capabilities and improve regulatory service delivery under the new *Environment Protection Amendment Act 2018* (Amendment Act). This will

equip authorised officers to apply new regulatory tools as well as assist duty holders to transition to Victoria's new laws. The learning program includes a blend of digital modules, classroom sessions and workplace practice. Between October 2019 and June 2020, training was delivered through face-to-face sessions, coaching with mentors, webinars and 38 digital learning modules.

The learning and development program for the new Amendment Act was released in three phases, covering: foundation learning on the new legislation, Act principles, including the new general environmental duty and reasonable practicability; and Act tools such as new remedial notices and sanctioning.

EPA officers continue to prepare themselves for authorisation and appointment in the lead up to the commencement of the new legislation, with the learning program to continue in 2020–21.

Creating a stronger pathway for Aboriginal inclusion

This year, EPA commenced a three-year Aboriginal Inclusion Action Plan to provide a stronger pathway that ensures that Aboriginal people and Traditional Owners are part of our organisation, workforce and regulatory approach.

The outcomes of the plan will strengthen EPA's regulatory work and deliver environmental and community benefits by:

- › fostering ongoing and effective relationships with Aboriginal Victorians and Traditional Owners
- › improving understanding and respect of Aboriginal culture across EPA and Victoria
- › identifying opportunities for Traditional Owner values and cultural practices of caring for Country to be part of Victoria's protection of the environment.

An example of this is the partnership agreement that EPA's Gippsland office and other environment agencies have with the Gunaikurnai Land and Waters Aboriginal Corporation. This collaboration has involved a commitment to On Country training, regular meetings and engagements – resulting in relationships that are founded on

an understanding and respect for Traditional cultural practices, as well as creating opportunities to inform regulatory practice at EPA and other partner agencies.

Identifying a new approach to restorative justice

Restorative justice is an emerging approach to repairing wrongdoing and harm that allows both offender and impacted party to participate in the justice process. This year, EPA continued to work with Australian National University (ANU) on a three-year research project to explore ways that restorative justice can strengthen environmental and community outcomes both as a response to environmental harm and as a preventative tool. Through extensive field work and discussions, the ANU research team have identified several opportunities across EPA's regulatory work where restorative approaches are either present, emerging, or could be developed further.

An example of the overlap between Aboriginal inclusion and restorative justice in achieving improved community and environmental outcomes is through the enforcement process.

In 2019, two EPA prosecution cases resulted in Traditional Owner healing of Country. A court awarded \$100,000 to the Dja Dja Wurrung Corporation through a sentencing order under the *Environment Protection Act 1970* to undertake a Traditional Waterway Assessment of the Upper Campaspe. In a separate case, a sentencing order was also awarded to the Wurundjeri Woi Wurrung following a pollution offence of the Yarra River for a rehabilitation project of the Merri Creek and Birrarung (the Yarra River) involving traditional re-vegetation of the banks and the re-introduction of native shellfish. These sentencing options (also available under the new laws) are demonstrations of how regulatory enforcement can achieve multiple restorative outcomes.

SERVING VICTORIANS AND THE ENVIRONMENT ACROSS NEW LOCATIONS

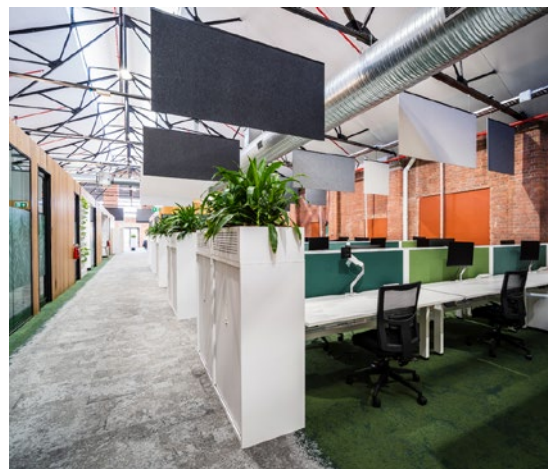
The establishment of new offices across Victoria is critical to EPA's transformation, allowing us to better connect to the communities we serve with modern, purpose-built facilities and take a place-based approach to our regulatory work.

EPA's Southern Metro Office at Dandenong officially relocated in November 2019 and supports EPA's expansion of purpose-built facilities throughout Victoria. The new office allows our people to work closely with the Officers for the Protection of the Local Environment pilot, including in the City of Greater Dandenong and City of Casey.

EPA's South West Regional Team, which covers around 20 per cent of Victoria, moved to a new office in Mackey Street, North Geelong in February 2020, allowing us to expand our regional presence and establish collaborative partnerships with the community.

Located in Geelong's port and industrial area, the office is equipped with an Operations Room, which can be converted into a regionally-based Emergency Command Centre and an integrated ground field deployment zone.

EPA's new Western Metro Office at Sunshine was finalised in June 2020, along with our Northern Metro Office at Preston in July 2020. By fostering closer relationships with the communities we serve, we look forward to strengthening our preventative focus to align with the new laws.



EPA's new and modernised office in Geelong was part of several relocations across Victoria in 2019-20 to help better connect our people to the communities we serve.

Outcome 5.2

Good governance

Throughout the year, the EPA Governing Board has maintained strategic oversight of EPA performance with monthly meetings.

The Governing Board is supported by two committees:

- › Risk and Audit Committee – responsible for oversight of finance, risk and audit.
- › Science, Engineering and Health Committee – responsible for overseeing EPA scientific, engineering and health excellence.

The EPA Governing Board has continued to meet remotely, enabled by technology, and without interruption during the period impacted by coronavirus (COVID-19).

In July 2020, EPA farewelled Ms Cheryl Batagol PSM, who had been Chairperson of EPA for over 10 years and has left a lasting legacy for environment protection in Victoria. Professor Kate Auty commenced as Chairperson of EPA on 1 July 2020, chairing her first Governing Board meeting on Tuesday 7 July 2020.

Outcome: 5.3

Implement business systems and processes that continuously improve to support delivery

A new EPA website

In October 2019, EPA released a new website to provide more accessible and timely information to the community. The website is a key component of the EPA transformation program and enhances the user experience.

The new website meets Victorian Government accessibility standards, is easier to navigate and is mobile responsive. The release of the new website included a new version of AirWatch, which provides data and forecasts on air quality for Victorians.

Transforming our digital platforms

The MAC Inquiry called for a major overhaul of our digital systems and tools to meet the needs of an organisation that utilises data and modern technology as the platform for its operating model.

EPA is investing in our digital capability through our transformation program to enhance our field-based regulatory operations, build on our science and intelligence capability, and improve our ability to engage with stakeholders and Victorians. This investment helps us to be a more efficient, effective, and accessible regulator.

Some of the ways we've expanded on our digital capability this year include:

- › demonstrating the new GPS-enabled Waste Tracker app to monitor hazardous waste movements to industry
- › establishing new Cloud Data Centres in Victoria and New South Wales and migrating key systems to these high availability environments
- › building and configuring regulatory systems and processes in our new technology platforms to support enquiries and notifications, permissions applications and administration, compliance monitoring and remedial action
- › rolling out a new information management platform to improve quality and access, and ensuring it is managed to the standards set by the Public Records Office
- › establishing a modern and integrated platform for managing advisory requests for our Applied Science Division
- › implementing new remote working systems to replace legacy systems and supporting working arrangements for our people in response to coronavirus (COVID-19)
- › enhancing our security systems through the deployment of Multi-factor Authentication to all staff and uplift of the security software on end-user devices.

Outcome: 5.4

Promote staff safety, health, wellbeing and development

Building a high-performance culture

EPA has invested in building a culture in which people feel happy, healthy, safe, challenged and included at work.

We measure our progress via triennial Organisational Culture and Organisational Effectiveness Inventories and the Victorian Public Sector Standards Commission People Matter Survey.

Since 2017, EPA has used quarterly Culture Pulse Surveys to help us measure specific issues over time and make improvements. In our most recent survey conducted in December 2019, access to flexible work practices and teamwork were reflected by our people as positive, while role clarity and effective communication were identified as improvement opportunities. A series of division-specific and enterprise-wide activities, including development forums, have been implemented to respond to these opportunities.

This year, we implemented myEPA, a new Human Resources Information System designed to empower our people, build increased accountability, transparency and efficiency across all stages of the employee lifecycle. Through the introduction of myEPA, existing processes were reviewed and updated to ensure alignment with EPA strategic objectives and Victorian Government imperatives.

The introduction of myEPA has enabled increased automation and efficiency for both our People & Culture division and individual employees and leaders, as well as enhanced data quality and collaboration across units. Its implementation has also significantly improved our employee experience and brought a renewed focus on development and the creation of a feedback culture.

Supporting the health and wellbeing of our people during coronavirus (COVID-19)

In response to coronavirus (COVID-19), our priorities are the health, safety and wellbeing of our people, while continuing our critical regulatory role preventing harm from pollution and waste.

All EPA offices were closed to the public from the end of March 2020 and staff in a position to work from home were requested to do so.

A comprehensive set of new safety processes and procedures were implemented to protect staff safety and wellbeing, including the implementation of a customised safety and wellbeing plan, business continuity plans and customised field safety and vehicle usage procedures.

For our field staff, EPA developed a Safe Work Instruction to help them identify and manage risks of virus exposure during their work.

Our people were supported with regular communications and engagement as we mobilised Employee Assistance Programs, working from home allowances and guidance on appropriate set-up, check-ins for leaders and new employees and webinars for working parents. We also launched a survey to find out how we can learn from our experiences to better support our people, which found that they felt highly supported.

EPA continues to find new ways to stay connected to its staff and the community throughout this challenging period, while also delivering critical regulatory services.

Diversity and Inclusion Strategy 2018–20

EPA recognises that a diverse workforce enables us to learn from each other, better reflect the community we serve, and find new ways of doing things for the people of Victoria. The benefits of having a diverse workforce will enable us to deliver our vision of a *healthy environment that supports a liveable and prosperous Victoria, now and always*.

Throughout the year, we have continued to implement our targeted action plans for gender, Aboriginal, cultural and linguistically diversity (CALD), disability and PRIDE inclusion, many of which have involved a review of existing practices, policies and support available for our people.

Access and other inclusive practices including the establishment of multi-faith/contemplation facilities were prioritised in the establishment of new EPA offices across the state. EPA continued to promote mental health and wellbeing through our Peer Support Network and by enabling all employees access to an accredited Mental Health First Aid training program.

A key focus for 2020 has been on increasing the visibility of EPA's efforts around inclusion and more actively promoting inclusion through a range of events, workshops and development programs through storytelling and sharing.

Pollution reports, performance targets and deliverables

This section provides key regulatory statistical information and performance data on state budget paper measures and Ministerial expectations.

In 2019–20, EPA received more than 13,000 pollution reports from the community. EPA also received reports related to emergencies and pollution notifications from businesses.

Table 9.1: Total pollution reports

	2019–20	2018–19	2017–18	2016–17	2015–16	2014–15
Pollution reports from community	13,354	11,539	13,244	10,577	9,201	9,376
Emergency reports	163	199	168	195	246	342
Business notifications ¹	1,751	1,833	1,880	647	1,565	1,454
TOTAL	15,268	13,571	15,292	11,419	11,012	11,172

Note:

1. Self-reported by businesses.

Table 9.2: Total pollution reports by environmental segment

ENVIRONMENTAL SEGMENT	NOTES	2019–20	2018–19	YEAR ON YEAR VARIANCE
Dust	1	658	873	-25%
Noise	2	2,593	1,824	42%
Odour		4,589	4,188	10%
Smoke	3	947	551	72%
Waste	2	2,563	1,822	41%
Water		2,177	2,263	-4%

Notes:

1. It is unlikely that there is a single factor driving the lower number of dust reports in 2019–20. Dust reports to EPA in 2019–2020 were lower than that for 2018–2019 and 2017–2018 and closer to the numbers reported for 2016–2017 and 2015–2016. Rainfall data from the Bureau of Meteorology indicates that 2017–2019 were drier years, while to date 2020 has seen above average rainfall and this is expected to continue with a La Nina cycle being forecast. Additionally, the impact of the coronavirus (COVID-19) pandemic reducing movement outside of the home and the summer bushfires during 2019–2020 are likely to have had some influence on the numbers.
2. Increase in noise and waste reports has been attributed to increase in Victorians working from home during COVID-19.
3. Increase in smoke reports is directly attributable to the summer bushfires in December 2019 and January 2020.

Table 9.3: Total pollution reports by region

	GIPPS- LAND	METRO	NORTH EAST	NRN METRO ³	NORTH WEST	SOUTH WEST	SRN METRO	WRN METRO ³	NOT ASSIGNED ¹	GRAND TOTAL
Dust	42	67	45	69	43	135	141	88	28	658
Noise	49	217	295	411	136	397	511	345	232	2,593
Odour	125	552	139	568	171	732	1,230	953	119	4,589
Smoke	46	43	133	165	42	179	157	87	95	947
Waste	201	266	164	353	193	302	535	330	219	2,563
Water	116	366	111	507	94	182	458	239	104	2,177
Other / Not Assigned ²	62	69	44	23	23	95	158	49	6	529
Emergency Report	12	24	18	28	10	25	29	12	5	163
Business Notification	199	64	74	59	73	188	284	104	4	1,049
Grand Total	852	1,668	1,023	2,183	785	2,235	3,503	2,207	812	15,268

Notes:

1. As at 30 June 2020, 812 reports were not assigned to a region.
2. As at 30 June 2020, 529 reports were not assigned to a specific pollution segment.
3. In late 2019 the previous Metropolitan Region was split into Northern and Western Metropolitan regions to better serve Victorians and the environment.

Table 9.4: Compliance, enforcement and assessment activities*

ACTIVITY	NOTES	2019–20	2018–19	2017–18	2016–17	2015–16
INDUSTRY PROGRAMS						
Inspections		2,882	2,782	2,263	1,843	1,985
Pollution abatement notices		505	467	392	273	267
Clean-up notices		231	196	180	153	188
Minor works pollution abatement notices		72	68	60	53	59
Prosecutions completed	1	29	23	22	11	12
Official warnings		165	150	109	99	121
Infringement notices		58	82	81	109	59
Environmental audits completed		210	207	173	194	239
Works approvals issued		16	21	17	18	26
Applications exempt from the need for approval		38	32	33	23	38
Licences amended/transferred		79	79	83	64	82
Planning referrals advised on	2	929	1,020	807	757	798
VEHICLE PROGRAMS						
Noisy vehicle notice	3	466	892	1,676	966	955
Smoky vehicle advisory letters	3	1,007	1,154	1,617	1,744	2,015
Infringement notices	4	30	338	64	12	45
Official warnings	4	7	40	14	12	11
LITTER PROGRAMS						
Infringement notices		13,637	13,236	12,165	12,984	15,141

* Prior years' numbers may have changed due to better data becoming available.

Notes:

1. Twenty-nine prosecutions relate to 18 separate environmental incidents.
2. Total planning referral numbers are driven by external referral processes.
3. Focus on the waste transport program from June–October 2019 led to a reprioritisation of resources from the processing of noisy and smoky vehicle reports.
4. The decline can be attributed to fewer roadside operations targeting noisy vehicles in 2019–20 due to a reprioritisation of resources.

Table 9.5: Budget Paper No. 3 service delivery

MEASURES	NOTES	2019–20 TARGET	2019–20 ACTUAL
QUANTITATIVE MEASURES			
Inspections that test compliance of licenced premises whose operations may represent a significant risk to the environment and human health	1	250–300	294
Events that engage business and community in environment protection	2	25–35	57
Activities that support business to comply with environmental obligations	2	25–30	166
Environment condition notifications provided to Victorians via digital channels	3	900–1,000	1,070
QUALITATIVE MEASURES			
EPA prosecutions are determined/selected using a risk-based approach, focused on environmental outcomes and are successful	4	70%	88%
Environmental audits are reviewed to ensure compliance with statutory requirements and guidelines	7	90%	100%
Remedial notices are complied with by their due date or escalated in line with EPA's Compliance and Enforcement policy	1	90%	95%
TIMELINESS MEASURES			
Pollution reporters requesting follow-up by EPA receive contact within three working days	8	85%	97%
Works approvals and licences completed within required statutory timelines	1	96%	99%
EPA provides technical advice to lead agencies within agreed timelines during emergency incidents	5	90%	97%
Output Cost (\$ million)	6	204.3	159.2

Notes:

1. Met within 5% variance, as per Department of Treasury and Finance guidance on output measure performance.
2. In line with expectations for an increase in engagement during implementation of legislative reform, this target was revised upward for 2019–20. EPA established the Industry Readiness Framework through which it coordinates Strategic Reference Group, Industry Partnership and Guidance engagement activities. In addition, EPA conducted numerous engagement activities around the proposed subordinate legislation which was open for public comment in late 2019 with the Act originally scheduled to come into effect on 1 July 2020.
3. The variance from target can be attributed to environmental conditions and emergency events, such as the frequency and intensity of bushfires and weather and environment-related events.
4. EPA utilises a regulatory approach based on risk and was successful in most prosecutions completed during 2019–20.
5. During 2019–20, EPA attended to almost all emergency incidents within agreed timelines. EPA will always endeavour to attend to all incidents however, this is conditional on all required resources being immediately available.
6. The lower than budgeted output cost is predominantly the result of a rephase for the Plantations Establishment initiative funded by the Sustainability Fund. The total Output Cost includes state funded activities delivered by the Department of Environment, Land, Water and Planning.
7. As part of our focus on ensuring compliance with statutory requirements, EPA has reviewed all environmental audits for 2019–20.
8. EPA exceeded target due to its ongoing commitment and effort towards improving customer service.

Table 9.6: Minister's Statement of Expectation 2018–20

	2018–20 TARGET	2019–20 RESULT
RISK-BASED REGULATION		
Prepare EPA's transition plan to deliver the objectives of the <i>Environment Protection Amendment Act 2018</i>	Transition plan in place by 31 December 2018	Completed
TIMELINESS		
Develop and implement an engagement plan for consultation and notification of all works approval holders and licensees of any changes to approval and licensing processes and timetables from the <i>Environment Protection Amendment Act 2018</i>	1 February 2019	Completed
COMPLIANCE-RELATED ASSISTANCE AND ADVICE		
Develop a workplan for developing general guidance for compliance with the <i>Environment Protection Amendment Act 2018</i> , as well as a workplan for prioritised hazards and sectors	Workplan for industry guidance developed by 1 February 2019	Completed
	Model for industry support consulted by 30 June 2019	Completed
Activities to support business compliance including the development of guidance, business education and support	At least 10 activities	Completed
STAKEHOLDER CONSULTATION AND ENGAGEMENT		
Prepare a stakeholder consultation and engagement plan for reforms arising from the <i>Environment Protection Act 2017</i> and <i>Environment Protection Amendment Act 2018</i> ensuring regular engagement with a broad range of stakeholders	To be provided to Minister by 1 February 2019	Completed
Establish a dedicated channel for stakeholders to request further information on changes to EPA and provide feedback on changes; and ensure EPA communicates information on changes to EPA's operations across its variety of communications channels	By 1 November 2018	Completed
	Regular and timely publication of quality information before any changes take effect	Completed
ACCOUNTABILITY AND TRANSPARENCY		
Engage with community and other stakeholders on the development of a charter of consultation as per requirement in the <i>Environment Protection Amendment Act 2018</i>	Draft by 30 June 2019	Completed
Report to the Minister on EPA's implementation of the <i>Environment Protection Act 2017</i> and <i>Environment Protection Amendment Act 2018</i>	Quarterly	Completed
Report to the Minister on EPA's implementation of its commitments under the Andrews Labor Government Response to the Independent Inquiry into the Environment Protection Authority, through the implementation reporting coordinated by the Department of Environment, Land, Water and Planning	Quarterly	Completed

Overview of financial performance

EPA's net result for the period was a deficit of \$35.7m. Both total income and expenses increased during the year, primarily associated with the recognition of additional funding and associated expenditure for waste stockpile cleanup works. Furthermore, additional planned expenditure has been incurred for the continued delivery of *Bringing our Environment Protection Authority into the modern era* initiative, in preparation for the *Environment Protection Amendment Act 2018*, intended to commence on 1 July 2021.

Table 10.1: EPA five-year financial summary (\$'000)

	2019–20	2018–19	2017–18	2016–17	2015–16
Total income from transactions	186,641	176,727	135,505	101,399	91,177
Total expenses from transactions	(217,090)	(177,150)	(111,286)	(92,010)	(74,833)
Net result from transactions	(30,499)	(423)	24,219	9,389	16,344
Net result for the period	(35,722)	(255)	22,077	3,656	4,894
Net cash flow from operating activities	(17,534)	13,373	14,160	24,787	64,070
Total assets	240,762	243,832	208,261	186,751	169,357
Total liabilities	99,234	67,906	32,080	32,647	21,327
Net assets	141,528	175,926	176,181	154,104	148,030

Financial performance review

Total income from transactions was \$186.6 million, representing a \$9.9 million increase (5.6%) from the previous year. The increase is primarily due to increased Municipal and Industrial (M&I) funding to support waste stockpile cleanup works. Grants from Departments have increased slightly which offsets a reduction in the Prescribed Industrial Waste levy.

Total expenses from transactions were \$217.1 million, representing a \$40.0 million increase (22%) from the previous year. Planned delivery of *Bringing our Environment Protection Authority into the modern era* initiative has resulted in increased employee expenses and other operating expenses. Other operating expenses have also increased due to waste stockpile cleanup works at two sites.

The net result for the period reflects a Board approved planned deficit associated with the reform work undertaken to support the delivery of the *Bringing our Environment Protection Authority into the modern era* initiative. The investment in this initiative has been supported by the Authority's reserves.

Financial position – balance sheet

Total assets decreased by \$3.1 million and total liabilities increased by \$31.3 million compared to the previous year. The movement in assets includes a decrease of cash and investments to fund the acquisition of assets to support the transformation initiative. Increase in total liabilities is largely driven by an increased provision of \$22 million for waste stockpile cleanup works.

Cash flows

The net cash flow outflow from operating activities of \$17.5 million is the result of the increased expenditure from the planned delivery of *Bringing our Environment Protection Authority into the modern era*.

The net cash flow outflow used in investing activity of \$14.1m is the result of the purchase of assets related to the transformation program funded by the sale of financial assets.

Capital projects/asset investment programs

Nil reports are required as EPA did not complete any projects funded by the State budget above the Total Estimated Investment threshold of \$10 million.

EPA continues to invest in asset programs that align with its strategic goals, including utilisation of the reform asset funding received as part of the *Bringing our Environment Protection Authority into the modern era* initiative.

Subsequent events

The State of Victoria has introduced more restrictions post balancing date in response to the second wave of coronavirus (COVID-19) pandemic. The measures implemented included stricter limitations on the operation of businesses in Victoria. The Authority has assessed that these restrictions are likely to have a financial impact on its operations. The tighter restrictions have resulted in the closure of businesses and further reductions in commercial activities, which may directly or indirectly impact on its operations.

With the stricter limitations on business operations, the Authority anticipates a decline in waste tonnages from industry, directly impacting its income derived from the Prescribed Industrial Waste levy. As the Authority has no reliable way to measure the impact across industry, the revenue impact is not quantifiable. The Supporting Victorian Businesses On Our Road to COVID Normal announcement on 13 September 2020 delaying the increase of landfill levies for Prescribed Industrial Waste is anticipated to have a further direct impact on the Authority's revenue.

As part of the its response to COVID-19 the State Government deferred the implementation of the *Environment Protection Amendment Act 2018* until July 2021. This deferral has resulted in elongation costs for the Authority's *Bringing our Environment Protection Authority into the modern era* initiative to support a delayed go-live.

Organisational structure and governance arrangements

Chair and Governing Board

Governing Board

EPA has a Governing Board which replaced the Interim Advisory Board on 1 July 2018.

The Governing Board is responsible for the governance, strategic direction and oversight of EPA. The *Environment Protection Act 2017*, which came into effect 1 July 2018, established EPA as a statutory authority and legislates the role of the Board, CEO and Chief Environmental Scientist. The role of the Chair of the EPA Governing Board is to appoint the CEO, set the standards and the strategic direction for EPA, liaise with stakeholders and monitor the organisations performance.

For the year to 30 June 2020, the Governing Board members were:

- › Cheryl Batagol PSM – Chairperson
- › Greg Tweedly – Deputy Chairperson
- › Professor Rebekah Brown
- › Monique Conheady
- › Graeme Ford
- › Professor Joan Ozanne-Smith AO
- › Dr Ross Pilling

EPA Chairperson September 2009 to June 2020 – Ms Cheryl Batagol PSM

Ms Cheryl Batagol PSM was first appointed as EPA Chairperson in September 2009. In December 2017, she was appointed Chairperson of the EPA Governing Board under the *Environment Protection Act 2017*.

Ms Batagol has more than 40 years' experience in the waste management, water and environmental sectors. Ms Batagol brought to the role her prior experience with numerous government bodies including as Chair of Melbourne Water, Board member of City West Water and Southern Rural Water, Chair of EcoRecycle Victoria, Deputy Chair of Sustainability Victoria and a member of the Victorian Catchment Management Council and the Victorian Sustainability Fund Advisory Panel.

Ms Batagol has been the Chair of the Heads of EPAs Australia and New Zealand from its first meeting in September 2014 until June 2020. She is Chair of the Cooperative Research Centre for Water Sensitive Cities (CRCWSC) and Chair of the Victorian Land Registry Services.

Ms Batagol completed her term as EPA Chairperson on 30 June 2020.

EPA Chair from 1 July 2020 – Professor Kate Auty

On 1 July 2020, Professor Kate Auty commenced as the new Chair of EPA. Professor Auty brings to this role significant experience in the fields of public sector governance and administration, law, regulation and the environment.

Professor Auty will support the Government's commitment to build a stronger, modern EPA to better protect Victoria's environment and community from the harmful effects of pollution and waste.

A former Victorian Commissioner for Environmental Sustainability and ACT Commissioner for Sustainability and the Environment, Professor Auty's expertise, leadership, insight and skills will ensure strong leadership and governance of the EPA during this period of transition and major reform. Before taking up her role in the ACT she held advisory roles in big data collaborative research initiatives as both the chair of National Electronic Collaborative Tools and Research (NeCTAR) advisory committee and a member of the advisory committee of the Australian Urban Research Infrastructure Network (AURIN). Professor Auty is an honorary Professorial Fellow at the University of Melbourne and a Director of the Urban Climate Change Research Network (UCCRN) Oceania Hub.

Prior to assuming roles in the environmental sector Professor Auty held appointments as a judicial officer having been appointed a magistrate, coroner and Mining Warden in the Western Australian goldfields and western desert (2004–2009) and as the regional coordinating magistrate, coroner and Koori Court magistrate in North East Victoria (1999–2004). Her board positions have included Chair of the Banksia Foundation P/L; co-opted director with the Business Council for Sustainable Development Australia P/L; and Director with the Macpherson Smith Rural Foundation P/L.

Mr Greg Tweedly

Mr Greg Tweedly is the Governing Board's Deputy Chairperson and has more than 20 years' experience in regulation, governance, risk, audit and finance.

As CEO of WorkSafe Victoria for nearly 10 years, Mr Tweedly was responsible for the regulation of workplace safety in Victoria. During his time as CEO, WorkSafe recorded the safest year on record and reduced premiums in seven out of nine years. He also oversaw the implementation of the WorkHealth Initiative – a five-year program to offer and deliver health checks for Victorian workers.

Mr Tweedly is currently a non-executive director of Melbourne Health, Chair of Dorsavi Ltd and Chair of the Personal Injury Education Foundation.

He has a Bachelor of Commerce from Melbourne University, is a qualified accountant (CPA), a Graduate of the Australian Institute of Company Directors, and an Alumnus of the Stanford Executive Program and Harvard Leadership Program.

Professor Joan Ozanne-Smith AO

Emeritus Professor Joan Ozanne-Smith AO is the Head of Injury Prevention Research at the Department of Forensic Medicine at Monash University. In 2016, she was appointed Officer of the Order of Australia (AO) in the Australia Day Honours List. This was for her distinguished service to public health in the area of accident and injury prevention, to forensic medicine, and to higher education as an academic.

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

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

Mr Graeme Ford

Mr Graeme Ford is the CEO of the Game Management Authority. He has more than 20 years' experience advocating for rural and regional communities, having been the CEO of the Victorian Farmers Federation. For the past 20 years Graeme has engaged with various government regulatory bodies on the design of regulatory regimes affecting the agricultural sector. He has held director roles with the Melbourne International Flower and Garden Show and FarmConnect – a not-for-profit company providing charitable support to the agriculture sector.

Mr Ford has a Master's in Business Administration from the University of Ballarat, a Master of Applied Science from the University of Western Sydney and a Graduate Diploma of Rural Resource Management from La Trobe University. He is a graduate of the General Management Program of the Harvard Business School.

Professor Rebekah Brown

Professor Rebekah Brown is the Senior Vice-Provost and Vice-Provost (Research) at Monash University. In this role she is responsible for leading the university-wide research agenda. She contributes to the development and implementation of the research strategy, enhancing the university's research performance. She works to ensure responsible research practice, integrity and compliance in accordance with the Australian Code for the Responsible Conduct of Research.

Professor Brown is also a Director of the RISE (Revitalising Informal Settlements and their Environments) Program, focused on South East Asia and the Pacific, which is funded by the Wellcome Trust.

Previously, Professor Brown was the Director of Monash Sustainable Development Institute at Monash University. This is a leading interdisciplinary research and education centre that works collaboratively with government, industry and philanthropists to advance the knowledge, policy and practice of sustainable development. She also held roles as the Chief Research Officer at the Cooperative Research Centre for Water Sensitive Cities and was a Professor of Environmental Sociology at Monash University.

Professor Brown holds a Bachelor of Civil Engineering (Honours) from Monash University and a PhD in Environmental Studies from the University of New South Wales.

Organisational structure and governance arrangements continued

Dr Ross Pilling

Dr Ross Pilling is a non-executive director of Note Printing Australia and Kotzur Pty Ltd, Chair of Swinburne University's Industry Research Advisory Committee, a member of the Innovation Investment Committee of the Innovative Manufacturing Cooperative Research Centre and the Research and Development Committee of Paintback Ltd. He is also an Executive Mentor on the faculty of Merryck & Co. Dr Pilling was formerly the Deputy National President of the Australian Industry Group, and a longstanding board member of the Plastics and Chemicals Industry Association.

His senior executive career with leading multinational companies, BASF and BOC, included several General Manager and Managing Director roles in Asia, Australia and Europe. He brings an international, multicultural perspective to leadership and extensive experience of start-ups, post-merger integrations and business transformations.

Dr Pilling has a Master of Science from Cranfield Institute of Technology and a Bachelor of Engineering (Honours) from the University of Liverpool. He is a Fellow of the Australian Institute of Company Directors and of the Australian Academy of Technology and Engineering. In 2016, he was awarded an Honorary Doctor of Engineering by Swinburne University of Technology.

Ms Monique Conheady

Ms Monique Conheady is the Chair Commissioner at Commercial Passenger Vehicles Victoria, Deputy Chair of the Victorian Responsible Gambling Foundation, a co-founder and Director of DC Power Co and Independent Chair of JET Charge Pty Ltd. Previously, she was co-founder and Chief Executive Officer of Flexicar and held senior management roles at Hertz Australia after it purchased Flexicar.

Ms Conheady holds a Bachelor of Civil/Environmental Engineering (Honours) and a Bachelor of Arts (Human Geography) from the University of Melbourne. She is a Graduate of the Australian Institute of Company Directors and a Fellow of the Centre for Sustainability Leadership.

Attendance at Governing Board meetings in 2019–20

There were Governing Board meetings held in July, August, September, October, November and December 2019 and in February, March, April, May and June 2020. Table 11.1 records members' attendance.

Table 11.1: Governing Board meeting attendance

BOARD MEMBER	MEETINGS ELIGIBLE TO ATTEND	MEETINGS ATTENDED
Cheryl Batagol PSM	11	10
Greg Tweedly	11	10
Professor Joan Ozanne-Smith	11	9
Graeme Ford	11	11
Professor Rebekah Brown	11	8
Ross Pilling	11	11
Monique Conheady	11	11

Advisory committees

EPA's Governing Board has two subcommittees: Risk and Audit Committee and Science, Engineering and Health Committee.

Risk and Audit Committee

EPA has a Risk and Audit Committee and internal audit function to meet legislative requirements and support the Chair and CEO to fulfil their obligations under the *Financial Management Act 1994* (FM Act). The Risk and Audit Committee has two independent members and reports directly to the EPA Governing Board.

The members of the Risk and Audit Committee for the year to 30 June 2020 were Mr Rob Hogarth (Independent Chair), Mr Greg Tweedly, Dr Ross Pilling, Mr Graeme Ford, and Mr Tam Vu (independent member).

The role of the Risk and Audit Committee is to provide independent, risk-based, objective views and advice in its oversight and management of:

- › financial reporting
- › internal and external audit
- › risk management systems and practices
- › the compliance and control environment
- › EPA's transformation program.

Science, Engineering and Health Committee

The Science, Engineering and Health Committee's (SEHC) role is to support the Governing Board in its role of overseeing the implementation of EPA's strategic plans with respect to maintaining and growing its scientific excellence, and supporting EPA's role in protecting human health and the environment by reducing the harmful effects of pollution and waste.

The independent members of SEHC for the year to 30 June 2020 were Dr Angie Bone, Deputy Chief Health Officer (Environment) for Dr Brett Sutton, Chief Health Officer; Professor Peter Breen; Professor Robert Vertessy; Professor Sandra Kentish; Professor Veena Sahajwalla; and Professor John Warner (strategic advisor). The Governing Board members of SEHC for the year to 30 June 2020 were Professor Rebekah Brown (SEHC Chair), Ms Cheryl Batagol PSM (EPA Chairperson) and Professor Joan Ozanne-Smith.

The Governing Board, CEO, and Chief Environmental Scientist have standing invitations to attend SEHC meetings.

Organisational structure

EPA comprises six divisions, each headed up by an Executive Director, reporting to the CEO.

Each division also comprises directorates, units and teams.

This structure is designed to optimise our ability to implement EPA's transformation, strengthen our operating model and support our shift to a more prevention-based approach by:

- › establishment of a Transformation division to ensure readiness for EPA's new legislation intended to commence in 2021, and to support delivery of our organisational strategy
- › aligning our regulatory operational functions
- › enabling a sharper focus on prosecutions by bringing together our Legal and Major Investigations teams under General Counsel
- › bringing EPA's key preventive functions together.

Throughout 2019–20, several changes have been made to our organisational structure:

- › The Applied Science Division has undergone a capability and capacity uplift to better support prevention, response and regulatory decision-making.

- › The Regulatory Operations division has added High-Risk Sites & Emergency Co-ordination and Waste Crime Prevention directorates as part of the Victorian Government's commitment to tackling waste crime and to managing legacy high-risk waste sites.

See Figure 11.1 for EPA's organisational structure.

Executive Leadership Team

Dr Cathy Wilkinson

Chief Executive Officer (BAppSc, MEnvSc, PhD)

Dr Cathy Wilkinson became CEO of EPA on 3 September 2018. She is a senior executive with significant public sector experience leading the development and implementation of major policy and regulatory reforms for the Victorian Government in the planning, water and environment portfolios.

Between 2006 and 2013, she was based in Sweden where she consulted to governments across Europe, completed a PhD at the Stockholm Resilience Centre and led projects with the Arctic Council, Rockefeller Foundation and the African Centre for Cities.

Following her return to Australia in early 2013, Dr Wilkinson worked as an Executive Director with the Victorian Government, first leading major integrated urban water management reform and then regulatory, policy and applied science reforms with EPA.

Dr Andrea Hinwood

Chief Environmental Scientist and Executive Director Applied Science (BSc, MAppSc, PhD)

Dr Andrea Hinwood joined EPA in May 2017 as the inaugural Chief Environmental Scientist (CES). The CES provides an authoritative, trusted and expert voice to government, industry and the community on environmental issues by working collaboratively with key stakeholders such as the Chief Health Officer and Emergency Management Commissioner.

The CES is also charged with ensuring EPA is an effective, science-based regulator and protector of the environment and human health. The CES is responsible for ensuring EPA's scientific expertise and advice underpins EPA's key functions and strategic objectives and meets high standards of excellence.

Organisational structure and governance arrangements continued

The CES and the Applied Science division:

- › works with and provides advice to community and business to prevent pollution
- › provides scientific advice and intelligence to inform policy and regulatory decisions, assessments, compliance and enforcement actions
- › provides scientific and technical advice on activities that might have pollution and waste impacts
- › compiles scientific and environmental data and communicates information on the state of the environment
- › responds to pollution incidents, emergency incidents and community concerns
- › provides training, equipment and support to field staff to carry out their duties
- › partners with others to build our knowledge and scientific capability including through research and development.

This is managed across seven units – Advisory, Land and Waste Sciences; Air, Noise and Odour Sciences; Data Analytics and Intelligence; Directorate Operations; Environmental Public Health; Environmental Sciences and Community and Water Sciences.

Mr Tim Eaton

Executive Director Regulatory Standards, Assessments and Permissioning (BSoc, MEL, GAICD)

Mr Tim Eaton joined EPA in February 2010. The Regulatory Standards, Assessments and Permissioning division:

- › administers the environmental audit framework
- › develops, influences and advocates for policy that achieves the optimum for the environment and community, is based on credible contemporary evidence and is designed via engagement with all stakeholders
- › facilitates the protection of the environment and human health in strategic planning decisions and State-significant developments
- › prevents harm to the environment and human health through timely, risk-based statutory permissions for sites and activities that pose environmental risks.

This is managed across four units – Major Projects and Planning, Development Assessments, Environmental Audit, and Policy and Regulation.

Mr Mark Rossiter

Executive Director Regulatory Capability, Engagement and Legal

Mr Mark Rossiter joined EPA in November 2019. The Regulatory Capability, Engagement and Legal division:

- › develops and oversees delivery of EPA's Regulatory Strategy, Compliance and Enforcement Policy and Sanctions Strategy
- › drives continuous improvement programs to build EPA regulatory capability
- › is responsible for authorising internal staff and Officers for the Protection of the Local Environment in councils
- › develops industry guidance to support compliance with environmental obligations
- › develops and oversees the implementation of organisation-wide regulatory solutions to tackle complex environmental problems and affect long-term change
- › provides legal and related policy advice as well as representing EPA in litigation
- › leads the development and delivery of internal and external communication and engagement solutions.

This is delivered across three directorates: Regulatory Approach and Capability, Legal Services and Major Investigations, and Communications and Engagement.

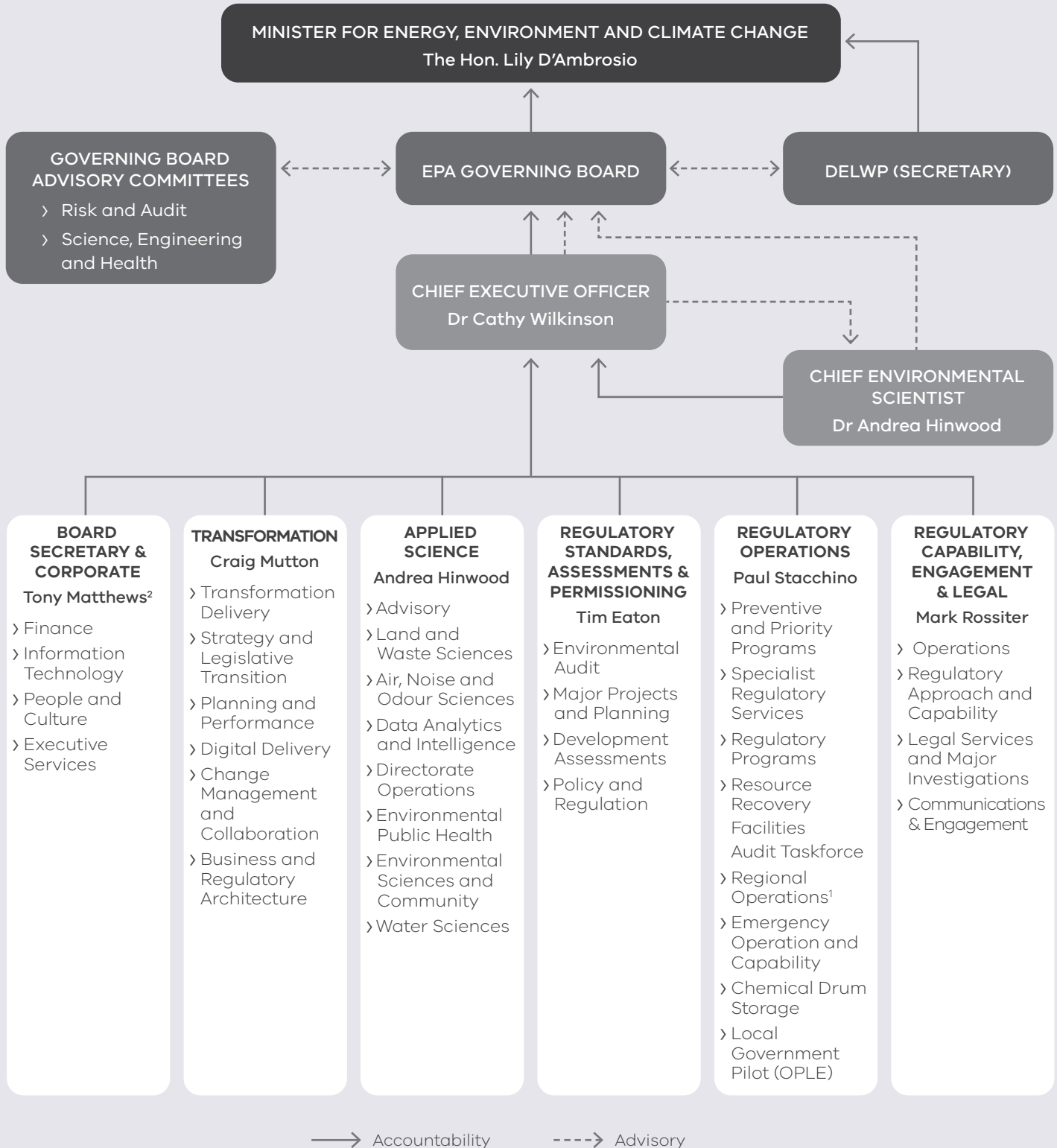
Mr Paul Stacchino

Executive Director Regulatory Operations (ADipPublicSafety (Emergency Mgt), GradCertTraining Mgt, MBA, GFireE, GAICD)

Mr Paul Stacchino joined EPA in 2017. Through the Annual Regulatory Work Plan, the Regulatory Operations division:

- › delivers the planning, design and operational priority setting of regulatory activity
- › embeds standards, guidelines, monitoring and evaluation in EPA's regulatory programs
- › builds capability in regulatory practitioners who design, execute, monitor and evaluate multi-region risk-based compliance programs
- › leads EPA emergency management capability before, during and after emergencies including the assessment, triage and delivery of pollution and emergency response

Figure 11.1: EPA's organisational structure as at 30 June 2020



Notes:

1. Comprised of our regional teams: North East Region, Northern Metropolitan Region, Southern Metropolitan Region, Western Metropolitan Region, North West Region, South West Region and Gippsland Region.
2. Tony Matthews resigned from EPA in August 2020.

Organisational structure and governance arrangements continued

- › delivers compliance assessments to specified standards and follow through consistent with EPA's regulatory approach
- › coordinates several federal and state programs that relate to the tracking of environmental discharges, movement of prescribed industrial waste, landfill levy statements, motor vehicle emissions, financial assurance and litter.

This is managed across two directorates – Regional Operations and Emergency Management, and Regulatory Programs.

Mr Craig Mutton

Executive Director Transformation (BComp (CompSci), MPM, MBA, GAICD)

Mr Craig Mutton joined EPA in December 2018. The Transformation division:

- › drives successful design and delivery of EPA's comprehensive whole-of-organisation transformation agenda as part of the government's response to the Independent Inquiry into EPA
- › leads best practice business planning and performance monitoring to ensure delivery of EPA's Strategy *Our environment, Our health*
- › provides governance capabilities across the organisation's annual project investment portfolio
- › provides strategic and authoritative advice to the Board, CEO and Executive on organisational transformation, business planning and organisational performance
- › represents EPA externally with senior stakeholders and in the media
- › chairs the Transformation Steering Committee of the Executive Leadership Team
- › chairs the Government Reference Group of Government Stakeholders.

This is managed across three directorates – Transformation Delivery, Digital Delivery, and Strategy and Legislative Transition.

Mr Tony Matthews¹

Executive Director Corporate and Board Secretary (BBus, CPA, MBA, GAICD)

Mr Tony Matthews joined EPA in February 2017 as the inaugural Board Secretary. The Board Secretary and Corporate division:

- › sets a strong business foundation and enables the operation of EPA and the delivery of EPA objectives
- › supports EPA's Chairperson and Governing Board
- › facilitates organisational governance and Board reporting through the Board Secretary
- › enables a high-performance culture that values our people and ensures their safety, health, wellbeing and development
- › provides financial, facilities and procurement services and support to the organisation
- › oversees risk management for the organisation
- › provides support and advice to shape and drive organisational efficiency and change.

This is managed across four directorates – Financial Services, Information Technology, People and Culture, and Executive Services.

Occupational health and safety (OHS)

Policies, systems and processes

EPA's safety vision is a safe and healthy workplace that promotes a safety-first culture and is committed to eliminating work-related injuries and illnesses. The key controls supporting our vision are:

- › creating a positive and supportive safety culture
- › reducing risk in the workplace by implementing robust risk management
- › maintaining an effective safety management system
- › enhancing leadership, capability, accountability and influence.

This year was the second year of the three-year Health, Safety and Wellbeing Strategy. The Strategy delivers on Goal 5 of the EPA Strategic Plan – Staff safety, health, wellbeing and development. A key focus this year was the

1. Tony Matthews resigned from EPA in August 2020.

planning, purchase and development of a new OHS software system that integrates with the new 'myEPA' HR system. This new OHS software system will be rolled out in July 2020 and will provide full online and mobile smart phone functionality.

A vital element of the Strategic Plan is maintaining AS/NZS 4801: 2001 certification of EPA's Occupational Health and Safety Management System; this was achieved following the annual audit in October 2019. This audit confirmed that the EPA safety management system is effective and compliant overall with the requirements of the standard.

During the year EPA continued with a range of programs to improve the health and safety of staff, including ergonomic assessments, Mental Health First Aid training and continuing Incident Cause Analysis Mode investigation training for managers and team leaders. The year also featured the ongoing development of numerous key policies and procedures, quarterly safety inspections and further improvement of the health and safety intranet site to improve access to OHS information. As a result of the coronavirus (COVID-19) pandemic EPA provided work from home guidance and support to enable all staff to continue to work safely, including online Webinars for parents with children at home, and staff phone check-ins. EPA also developed COVID-19 specific Safe Work Instructions for external inspections and vehicle hygiene guidance material.

EPA provided fruit boxes to all offices, supported staff who participated in ride to work, and acknowledged R U OK? Day to support the health and wellbeing of staff. With the COVID-19 lockdown the annual flu vaccination program was changed from office-based to an online voucher system which enabled staff to receive the vaccination at their local chemist. Several of the smaller regional offices organised customised wellbeing programs, with the support of the Health, Safety and Wellbeing team.

All EPA OHS policies and procedures are consistent with the *Occupational Health and Safety Act 2004*, *Occupational Health and Safety Regulations 2017* and the *Workplace Injury Rehabilitation and Compensation Act 2013*. The Victorian Public Service Enterprise Agreement 2016 covers the formal agreement with the Community and Public Sector Union Victoria regarding issues and obligations for OHS.

Incident management

EPA had 140 incidents reported; 93 resulted in injury or impact to an individual. Slip, trip, fall injuries, equipment or building-related incidents, vehicle and psychosocial injuries accounted for 71 per cent of incidents. There were two lost time injuries in 2019–20. There was a reduction in incidents reported this year compared to the previous two years. The COVID-19 induced lockdown, with all staff working from home and a reduction in EPA external activities, led to a reduction in the number of reports made between March and June 2020.

In 2019–20, 50 per cent of the 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 an annual review of the EPA risk register, refresher training, promoting the job safety analysis and dynamic risk assessment process, 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 2019–20, 200 sessions were conducted by EPA's Employee Assistance Program provider with 44 per cent of the issues raised being mental health and workplace stress. The COVID-19 lockdown had a significant impact with COVID-19 being the initial contact reason for 31 per cent of all contacts between March and June 2020. This period also saw a 127 per cent increase in the EAP usage with stress and anxiety, mental health problems and marriage relationships the three most common issues raised. This was also reflected in an increase in OHS psychological incidents reported which accounted for 36 per cent of all OHS incidents reported in 2019–20.

There were three accepted WorkCover claims for 2019–20. Two were standard claims with one a repetitive sprain injury resulting in lost time.

Performance against OHS management measures

Table 11.2: Performance against OHS management measures

MEASURE	KEY PERFORMANCE INDICATOR	NOTES	2019–20	2018–19	2017–18	2016–17
Incidents	No. of incidents	1	140	188	163	91
	Rate per 100 FTE	3	19.66	28.54	27.26	18.13
	Injury Rate		2.29	3.88	2.63	2.15
	LTI		1	2	1	4
	LTIFR	4	0.71	1.92	0.83	3.867
Claims	No. of standard claims	2	2	1	0	3
	Rate per 100 FTE	3	0.28	0.15	0	0.59
	No. of lost time claims		1	1	0	1
	Rate per 100 FTE	3	0.14	0.15	0	0.19
	No. of claims exceeding 13 weeks		1	0	0	1
	Rate per 100 FTE	3	0.14	0	0	0.19
Fatalities	Fatality claims		0	0	0	0
Claim costs	Average cost per standard claim	2	\$43,945	\$35,538	\$0	\$17,428
Return to work	Percentage of claims with Return to Work (RTW) Plan <30 days		100%	100%	n/a	100%
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS, and OHS plans (signed by CEO or equivalent)		100%	100%	100%	100%
	Evidence of OHS criteria(s) in purchasing guidelines (including goods, services and personnel)		Completed	Completed	Completed	Completed
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IPRs)		Completed	Completed	Completed	Completed
	Compliance with agreed structure on DWGs, HSRs, and IRPs		Completed	Completed	Completed	Completed
	Number of quarterly OHS Committee meetings		6	4	4	4

MEASURE	KEY PERFORMANCE INDICATOR	NOTES	2019–20	2018–19	2017–18	2016–17
Risk management	Percentage of internal audits/workplace inspections completed as planned		75%	85%	80%	75%
	Percentage of reported incidents investigated		100%	100%	100%	90%
	No. of AS 4801 external audit non-conformances		3	1	4	2
	Percentage of AS 4801: 2001 external audit non-conformances actioned		100%	100%	100%	100%
	Percentage of issues identified and actioned arising from:					
	Internal audits		100%	100%	100%	100%
	HSR provisional improvement notices		n/a	n/a	n/a	n/a
	WorkSafe Victoria notices		n/a	n/a	n/a	100%
Training	Percentage of managers and staff who have received OHS training:					
	Induction		100%	100%	100%	90%
	Management training			55%	80%	15%
	Contractors, temps and visitors		100%	75%	80%	75%
	Percentage of HSRs trained:					
	Acceptance of role		90%	80%	75%	80%
	Retraining (refresher)		30%	30%	30%	25%
	Reporting of incidents and injuries		100%	100%	50%	10%

Notes:

1. Incident data sourced from EPA's internal system, EPASS, as at 30 June 2020.
2. Data sourced from the Victorian WorkCover Authority as at 30 June 2020.
3. Based on a monthly average FTE of 711.96 for 2019–20.
4. Rolling 12-month average.

Table 11.3: EPA premium performance rate

	NOTES	2019–20	2018–19	2017–18	2016–17
Performance rate	1	0.44%	0.39%	0.35%	1.07%

Note:

1. Data sourced from the Victorian WorkCover Authority as of 30 June 2020. Data has been revised to accurately reflect premium performance for the year.

Employment and conduct principles

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

Values and employment principles

EPA's organisational values are Excellence, Partnership and Accountability which reflect the Victorian Public Sector Values and expectations outlined in the VPS Code of Conduct. All new employees and those returning from extended leave throughout the year were onboarded with a series of development modules to build awareness and understanding of these values and employment principles.

EPA is committed to enabling a culture of performance and accountability. All policies and procedures are routinely reviewed to ensure alignment with the public sector employment standards under the *Public Administration Act*

2004, and to ensure that our practices value diversity while creating a safe and healthy workplace for our people.

All EPA employees are employed by the *Victorian Public Service Enterprise Agreement 2016*, except for executives who hold individual employment contracts under the *Public Administration Act 2004*. Employees have been correctly classified in workforce data collections. Since 2018, a series of common policies have been implemented across the Victorian Public Sector to ensure consistency in the application and interpretation of the provisions of the VPS Enterprise Agreement.

Comparative workforce data

FTE in the following tables reflect employment levels at the last full pay period in June of the current and corresponding previous reporting years. FTE excludes agency staff, contractors and staff on any form of leave without pay. The increase in FTE relates primarily to EPA's transformation program.

Table 12.1: Full-time equivalent (FTE) staffing trends from 2015 to 2020

YEAR	2019–20	2018–19	2017–18	2016–17	2015–16	2014–15
FTE	714.3	675.8	634.3	461.0	388.3	341.1

Table 12.2: Summary of employment in June of 2019 and 2020

	ONGOING EMPLOYEES				FIXED-TERM AND CASUAL EMPLOYEES
	EMPLOYEES (HEADCOUNT)	FULL-TIME (HEADCOUNT)	PART-TIME (HEADCOUNT)	FTE	FTE
June 2020	565	455	110	532.5	181.7
June 2019	556	430	126	518.5	157.3

Table 12.3: Details of employment levels in June 2019 and June 2020

	2019–2020							2018–2019						
	ALL EMPLOYEES		ONGOING			FIXED-TERM & CASUAL EMPLOYEES		ALL EMPLOYEES		ONGOING			FIXED-TERM & CASUAL EMPLOYEES	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
GENDER														
Men	344	337.0	246	19	259.2	79	77.8	317	308.4	229	27	249.1	61	59.4
Women	406	375.3	209	91	273.4	106	101.9	402	365.4	201	99	269.5	102	95.9
Self-described	2	2.0	0	0	0	2	2.0	2	2.0	0	0	0	2	2.0
AGE														
15–24	9	8.6	4	0	4.0	5	4.6	9	8.2	4	0	4.0	5	4.2
25–34	197	192.5	120	12	128.0	65	64.5	193	184.2	125	20	137.4	48	46.8
35–44	283	264.2	156	53	192.3	74	71.9	276	254.3	143	66	190.3	67	64.0
45–54	176	166.1	116	32	139.7	28	26.4	164	153.8	101	30	122.3	33	31.5
55–64	75	71.4	50	11	58.1	14	13.3	68	64.7	49	9	55.7	10	9.0
65+	12	11.4	9	2	10.4	1	1.0	11	10.6	8	1	8.8	2	1.8
VPS 1–6 GRADES														
VPS Grade 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VPS Grade 2	0	0	0	0	0	0	0	6	5.2	2	0	2.0	4	3.2
VPS Grade 3	144	138.2	81	17	93.2	46	45.0	148	138.0	93	22	107.5	33	30.6
VPS Grade 4	231	219.3	145	27	161.8	59	57.5	227	214.8	136	34	158.7	57	56.1
VPS Grade 5	258	244.0	149	43	180.4	66	63.6	231	214.0	127	50	162.7	54	51.3
VPS Grade 6	95	88.8	57	22	73.2	16	15.6	86	81.5	51	18	65.4	17	16.1
SENIOR EMPLOYEES														
STS	2	1.9	1	1	1.9	0	0	4	3.2	2	2	3.2	0	0
PS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sa	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sra	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Executives	22	22.0	22	0	22.0	0	0	19	19.0	19	0	19.0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total employees	752	714.3	455	110	532.5	187	181.7	721	675.8	430	126	518.5	165	157.3

Diversity and Inclusion Plan

EPA is committed to building a supportive and inclusive culture where everyone is valued for their unique qualities, ideas and perspectives. During 2019–20, we focused our efforts on delivering the action plans associated with our three-year Diversity and Inclusion Strategy. The strategy sets out clear expectations and actions across five key areas:

- › building inclusive leadership accountability and driving engagement for diversity and inclusion
- › developing inclusive capability and reducing unconscious bias in decision making
- › improving the representation of women in leadership and technical roles
- › supporting a diverse workforce to better reflect the Victorian community, including championing cultural and linguistic diversity, LGBTIQ+, Aboriginal and Torres Strait Islander people, disability and life stage inclusion
- › promoting and encouraging flexible working practices.

Compliance with the *Disability Act 2006*

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

In 2019–20, EPA delivered actions associated with our Disability Inclusion Action Plan to remove barriers from gaining and maintaining employment and preventing full engagement with EPA's services and facilities.

The action plan is consistent with the government's framework for enabling people with a disability to participate and contribute to the social, economic and civic life of their community (*Absolutely everyone: state disability plan 2017–2020*).

Milestones for the year included:

- › review of facilities design for EPA worksite locations to ensure they are accessible
- › updating position descriptions, forms and other processes to address barriers for those with disabilities in applying for EPA roles
- › training for EPA employees in Mental Health First Aid together with continuation of a peer support network to support people with mental illness
- › improved understanding and capability development of EPA's senior leaders for inclusive leadership.

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.

Three additional executive level positions were created in 2019–2020. The Chief Finance Officer position was regraded from an STS to EO-3.

To support the State Government's *Recycling Victoria* Policy, EPA has created two new Directorates to focus on tackling waste crime and managing legacy high-risk waste sites. Two new executive level positions will lead these Directorates, High-Risk Sites & Emergency Co-ordination and Waste Crime Prevention, and will enable EPA to further build our capacity, strengthen our capability, and mature our culture as a regulator.

Table 12.4: Total Revenue Package, by \$20,000 bands, for executives and other senior non-executive staff

INCOME BAND (SALARY)	EXECUTIVES	STS	PS	SMA	SRA	OTHER
< \$160,000						
\$160,000--\$179,999						
\$180,000--\$199,000	8 ²	1				
\$200,000--\$219,999	6	1				
\$220,000--\$239,999	1					
\$240,000--\$259,999	2					
\$260,000--\$279,999	3					
\$280,000--\$299,999	1					
\$300,000--\$319,999						
\$320,000--\$339,999						
\$340,000--\$359,999	1					
\$360,000--\$379,999						
\$380,000--\$399,999						
\$400,000--\$419,999						
Total	22¹	2	0	0	0	0

Table 12.5: Total number of EOs by gender

CLASSIFICATION	ALL		MEN		WOMEN		SELF-DESCRIBED		VACANCIES
	NO.	VAR	NO.	VAR	NO.	VAR	NO.	VAR	NO.
EO-1	1	0	0	0	1	0	0	0	0
EO-2	7	0	6	0	1	0	0	0	0
EO-3	14	3	7	1	7	2	0	0	1
Total	22¹	3	13	1	9	2	0	0	1

Table 12.6: Reconciliation of executive numbers

		2020	2019
	Executives with remuneration more than \$100,000	24	19
Add	Vacancies (See Table 1.5)	1	0
	Executives with total remuneration below \$100,000	0	0
	Accountable Officer (CEO)	1	1
Less	Separations	-3	-1
	Total executive numbers at 30 June	23	19

Notes:

1. Includes 21 executives plus Accountable Officer (CEO).
2. One EO-3 is currently on secondment to DELWP paid by EPA, being reimbursed by Invoice.

Local Jobs First: Victorian Industry Participation Policy Act 2003

The *Local Jobs First: Victorian Industry Participation Policy Act 2003*, introduced in August 2018, brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately. Departments and other public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million (including GST) or more in metropolitan Melbourne for statewide projects, or \$1 million (including GST) or more for projects in regional Victoria.

The MPSG guidelines and VIPP guidelines will continue to apply to MPSG-applicable and VIPP-applicable projects respectively where contracts have been entered prior to 15 August 2018.

During 2019–20, EPA's Broderick Road Project valued at \$48.01 million was applicable to the Local Jobs First Policy where a Local Industry Development Plan was completed by the successful supplier following a Request for Tender.

The outcomes expected from the implementation of the Local Jobs First policy to this project where information was provided are as follows:

- › One hundred per cent local content commitment was made.
- › Twenty annualised employee equivalent (AEE) jobs were committed, including the creation of two new jobs and the retention of 18 existing jobs (AEE).
- › Two positions for trainees were committed, including the creation of two new traineeships.

Government advertising expenditure

There were no advertising campaigns with a media spend of \$100,000 or greater in 2019–20.

Consultancy expenditure

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

In 2019–20, there were 22 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019–20 in relation to these consultancies was \$6,930,283 (excluding GST). Details of individual consultancies are outlined in Table 13.1.

Table 13.1: Details of consultancies (valued at \$10,000 or greater)

CONSULTANTS	PURPOSE OF CONSULTANCY	ORDER DATE	DATE PAID	TOTAL APPROVED PROJECT FEE (EXCL. GST)	EXPENDITURE 2019–20 (EXCL. GST)	FUTURE EXPENDITURE (EXCL. GST)
Air and Odour Compliance Specialist	Review of EPA publication	13/05/2020	18/06/2020	38,023	32,200	3,325
Applydirect P/L	MyEPA success factor implementation	20/01/2020	23/01/2020	44,000	44,000	–
Australian Catholic University Ltd	Development of Air Monitoring Model	7/01/2020	23/06/2020	45,455	31,818	13,636
Cardno Victoria Pty Ltd/Tas Cardno Lane	Stony Creek-Contamination Review	23/08/2019	21/05/2020	345,750	226,357	119,393
Deloitte Consulting Pty Limited	IT Transformation Partnership	17/10/2018	10/10/2019	24,006,032	5,643,880	–
Ernst & Young Pty Ltd	Greenhouse gas (GHG) inventory and management plan	13/06/2018	10/10/2019	78,423	21,593	35,661
Ernst & Young Pty Ltd	Policy review & feedback	11/05/2020	30/06/2020	55,000	26,000	29,000
First Person Consulting P/L	Officers for the Protection of the Local Environment pilot Evaluation	24/07/2019	19/12/2019	34,927	16,945	17,982
Grosvenor Performance Group	Framework development of combustible recyclable waste material guideline	15/05/2019	30/12/2019	128,241	29,813	–
Grosvenor Performance Group	Provision of monitoring & evaluation of sector guides review	27/12/2019	6/03/2020	29,739	24,426	5,313
Landell Corporation Pty Ltd	EPA ICT strategy	29/07/2019	4/06/2020	75,400	50,050	25,350

Table 13.1: Details of consultancies (valued at \$10,000 or greater) continued

CONSULTANTS	PURPOSE OF CONSULTANCY	ORDER DATE	DATE PAID	TOTAL APPROVED PROJECT FEE (EXCL. GST)	EXPENDITURE 2019-20 (EXCL. GST)	FUTURE EXPENDITURE (EXCL. GST)
Monash University	Project scoping & planning-E-Waste project	20/04/2020	26/06/2020	24,136	24,136	–
National Retail Association Ltd	Implementation of complaints management system-plastic bag ban	25/11/2019	8/04/2020	134,091	27,273	106,818
Nolan Consulting Pty Ltd	Review of the Department of Environment, Land, Water and Planning's Long-Term Water Resources Audit	13/09/2018	27/11/2019	134,364	91,779	23,630
Price Waterhouse Coopers	Business case development	30/07/2019	26/03/2020	368,542	360,250	8,292
Quantum Market Research	Evaluation of the Yarra and Bay website	15/05/2019	22/08/2019	27,273	13,636	–
Quantum Market Research	Evaluation and social research services Latrobe Valley Projects	11/09/2019	30/12/2019	26,150	26,150	–
Telford Environmental Consulting Service	Guidance to support Duty Holders demonstrate elements of the GED	16/12/2019	23/07/2020	18,182	14,400	3,782
The Green Boat Pty Ltd	Develop accommodation plan	27/02/2020	8/04/2020	22,500	19,500	3,000
Tugraz Graz University of Technology	North East Link Tunnel Ventilation design review	16/01/2020	16/04/2020	32,376	32,376	–
Victorian Public Sector Commission	Executive Classification framework	19/02/2020	6/03/2020	34,200	34,200	–
Workwell Consulting Pty Ltd	Provision of facilitation and advisory services	30/10/2019	26/06/2020	160,000	139,500	20,500

Details of consultancies under \$10,000

In 2019–20 there were three consultancies engaged during the year where the total fee payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2019–20 in relation to these consultancies was \$21,714 (excluding GST).

Disclosure of major contracts

During 2019–20 EPA entered two contracts over \$10 million: one with Civilex Victoria Pty Ltd for Excavation Project Manager – Glass Recovery Services at Coolaroo and one with Australian Decommissioning Services Pty Ltd for Mixed Waste Stockpile Removal Services at Broderick Road.

Information and communication technology expenditure

For the 2019–20 reporting period, the Authority had a total ICT expenditure of \$77.3 million, with the details shown in Table 13.2.

Table 13.2: Disclosure of ICT expenditure

(\$ '000)			
BUSINESS AS USUAL (BAU) ICT EXPENDITURE	NON BUSINESS AS USUAL (NON BAU) ICT EXPENDITURE		
Total	Total = operational expenditure and capital expenditure	Operational expenditure	Capital expenditure
\$22,386	\$54,945	\$8,857	\$46,087

ICT expenditure refers to the Authority's costs in providing business-enabling ICT services. It comprises business as usual (BAU) ICT expenditure and non-business as usual (NonBAU) ICT expenditure. BAU ICT expenditure is ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability. NonBAU ICT expenditure relates to the delivery of ICT projects primarily associated with the *Bringing our Environment Protection Authority into the modern era* Initiative.

The NonBAU ICT expenditure includes work in progress amounts of \$41.2 million for activities associated with the Authority's digital transformation program.

Competitive Neutrality Policy Victoria

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 *Competitive Neutrality Policy Victoria*.

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.

Freedom of Information

The *Freedom of Information Act 1982* (FOI Act) allows the public a right of access to documents held by Environment Protection Authority (the Authority). The purpose of the FOI Act is to extend as far as possible the right of the community to access information held by government departments, local councils, ministers and other bodies subject to the FOI Act.

Any person has a right to apply for access to documents held by the Authority. This includes documents created by the Authority or that have been given to the Authority by an external organisation or individual. The meaning of documents under the FOI Act is broad and may include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by the Authority is available on its website under its Part II Information Statement.

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

In 2017, the FOI Act was amended to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However when external consultation is required the Authority may take up to 45 days. Alternatively, with agreement from the applicant, the Authority may extend the time for deciding a request by periods of up to 30 days. The applicant's agreement to extension may be given any number of times.

An applicant who is not satisfied by a decision made by the Authority have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter, under section 49A of the FOI Act

Making a request

Section 17 of the FOI Act sets out the requirements for making an FOI request. Applicants must make requests in writing (unless they are incapable of doing so), and clearly identify the documents to which they seek access. There is also an application fee of \$29.60 payable before a request will be processed. Access charges will also be payable in relation to most requests. However, the Authority may waive the application fee if an applicant can demonstrate hardship and, in some circumstances, access charges are not payable or will be waived.

FOI requests can be submitted by email or by post to the Authority's Freedom of Information Officer. To lodge a request by email, the address is foi@epa.vic.gov.au. To lodge a request by post, the address is:

EPA Victoria
Freedom of Information Officer
GPO Box 4395
Melbourne VIC 3001

FOI statistics/timeliness

During 2019–20, the Authority received 114 applications. Of these requests, two were from Members of Parliament, seven were from the media, and the remainder were from the general public.

The Authority made 76 FOI decisions during the 12 months ended 30 June 2020.

Thirty-five decisions were made within the statutory 30-day time period; four decisions within an extended statutory 30–45 day time period; 16 decisions within 46 to 90 days; and 17 decisions in greater than 90 days. Of 72 access decisions made, 45 were made after mandatory extensions

had been applied or agreed upon by the applicant. The average time taken to finalise requests in 2019–20 was 66 days. Temporary extra resourcing has been provided to process FOI requests while a long-term solution is being finalised.

During 2019–20, six requests were subject to a complaint/ review by OVIC. Two requests progressed to the Victorian Civil and Administrative Tribunal (VCAT).

Further information

Further information about making a request to the Authority can be found on its FOI webpage at <https://www.epa.vic.gov.au/about-epa/laws/legislation-regulations-and-policies/freedom-of-information>.

Further information about the operation and scope of the FOI Act can be obtained from the FOI Act itself, the regulations made under the FOI Act, and from OVIC at <https://ovic.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.

Compliance with the *Public Interest Disclosures Act 2012* (replaced the *Protected Disclosure Act 2012* effective 1 January 2020)

The *Public Interest Disclosures Act 2012* (the PID Act) which replaced the *Protected Disclosure Act 2012* effective 1 January 2020, encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The PID Act provides protection to people who make disclosures in accordance with the PID 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 taking reprisals against those who come forward to disclose such conduct. We are committed to ensuring transparency and accountability in our administrative and management practices and supporting making 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. We will also afford natural justice to the person who is the subject of the disclosure to the extent legally possible.

Reporting procedures

As a result of the legislation change from 1 January 2020, disclosures of improper conduct or detrimental action by EPA or any of our employees and/or officers must now be made directly to the Independent Broad-based Anti-corruption Commission (IBAC):

Independent Broad-based Anti-corruption Commission Victoria
Level 1 North Tower
459 Collins Street
Melbourne VIC 3000
Phone: 1300 735 135

Website: www.ibac.vic.gov.au

Email: see website above for the secure email disclosure process, which also provides for anonymous disclosures.

Further information

The *Public Interest Disclosures Policy* and procedure, which outline the system for reporting disclosures of improper conduct or detrimental action by EPA or any of our employees and/or officers, is available on our website.

Table 13.3: Disclosures under the *Protected Disclosure Act 2012* (1 July 2019 to 31 December 2019) / *Public Interest Disclosures Act 2012* (1 January 2020 to 30 June 2020)

	2019–20	2018–19
The number of disclosures made by an individual to EPA and notified to the Independent Broad-based Anti-corruption Commission	0	n/a
Assessable disclosures	0	n/a

Note: Effective 1 January 2020, disclosures regarding EPA must be reported direct to IBAC.

Office-based environmental impacts

EPA's Environment Management System (EMS) has been established to reduce our impact on the environment. The system is supported by a staff-run working group, Green Stars, which organises initiatives promoting environmental awareness. In 2019–20, some of the group's initiatives included *Plastic Free July* and sponsoring Clean Up Australia Day.

Due to the ongoing COVID-19 pandemic, approximately 95 per cent of our staff commenced working from home by 30 March 2020. This shift has resulted in a decrease across several environmental indicators reported in the following sections in addition to year-on-year variability by EPA.

EPA's greenhouse gas inventory has been prepared using the National Greenhouse Accounts (NGA) Factors updated by the Australian Government's Department of Environment in August 2019, and management-derived methods where appropriate emissions calculation methods and factors were not available in the NGA Factors. Impacts on the environment attributable to EPA from staff working from home, such as energy and water consumption and waste generation, were estimated to provide a more holistic account of EPA's total impact. A detailed description of the methodologies and conversion factors applied can be found in our Greenhouse Gas Inventory Management Plan 2019–20 available on our website. The inventory covers data from all EPA offices, air monitoring stations, small monitoring sites and staff input.

A summary of the number of offices, air monitoring stations, small monitoring stations and staff as well as office floor area is presented in Table 13.4. Changes from 2018–19 include vacating the Exhibition Street office near the end of FY19, expansion of the Traralgon office area and extension of office areas along with environmentally efficient facility upgrades for the Geelong and Dandenong offices during 2019–20. Furthermore, EPA has leased offices in Preston and Sunshine which are expected to come into operation during 2020–2021 (not included in Table 13.4).

Table 13.4: FTE, offices, monitoring stations, and sensors

INDICATOR	2019–20	2018–19	2017–18
Total full-time equivalent employees (FTE)	714	676	634
Total office area (m ²)	12,668	11,717	11,717
Number of offices	7	8	8
Number of air monitoring stations	17	17	17
Small monitoring sites ^{1,2}	19	18	2

Notes:

1. Small monitoring sites include small footprint sites, sensor sites and camera sites.
2. 2018–19's small monitoring sites were restated to include five sensors that were not initially included in last year's report.

Energy

Electricity consumption also includes a portion of Green Power, which represents electricity consumed from renewable energy sources. Table 13.5 presents our energy consumption performance over the past three financial years. Data for electricity and natural gas consumption was obtained from invoices provided by EPA's energy retailers. Where data was not available, consumption was estimated using daily consumption rates from information that was available.

We encourage our people to maximise energy saving potential at our offices and with our equipment. This includes turning off computers at the power point and the use of energy efficient office heating, cooling and lighting, where possible. These initiatives have led to the high energy performance at EPA's Head Office with a NABERS energy rating of 5.5 stars for the base building, an increase from a rating of 5 in 2017–18, as well as a decrease in total energy usage compared to previous years. Furthermore, the offices in North Geelong and Dandenong have a NABERS energy rating of 6 stars and 5 stars respectively.

Table 13.5: Energy use

INDICATOR	2019–20	2018–19	2017–18
E.1 Total energy usage segmented by primary source (MJ)	18,517,666	21,154,108	24,162,511
Electricity (MJ) – excluding Green Power	5,312,181	5,813,250	5,991,549
Natural gas (MJ)	12,922,626	15,083,401	18,002,330
Green Power (MJ)	282,859	257,458	168,632
E.2 Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (tCO ₂ e)	2,369	2,725	2,962
Electricity (tCO ₂ e) – excluding Green Power	1,653	1,889	1,964
Natural gas (tCO ₂ e)	716	836	998
E.3 Percentage of electricity purchased as green power	5.32%	4.43%	2.81%
E.4 Units of energy used per FTE (MJ/FTE)	25,924	31,293	38,094
E.5 Units of energy used per unit of office area (MJ/m ²)	1,462	1,805	2,062

Energy targets

We carried over our energy use target from 2018–19. Our energy target for 2019–20 was an energy intensity target for electricity use expressed in megajoules per square-metre of floor area (MJ/m²). Table 13.6 presents our performance against our energy intensity target for 2019–20 showing we exceeded target.

Table 13.6: Current performance against Sustainability Plan targets for energy use

MEASURE	2019–20 TARGET	2019–20 ACTUAL
Energy use (electricity) per m ² per year	550 MJ	419 MJ

Waste and recycling

Our primary source of waste was from office-based staff. We separate waste generated into landfill, recycling (including paper, cardboard, e-waste and co-mingled) and compost (organics recycling). Table 13.7 presents our waste and recycling performance over the past three financial years. Data for waste and recycling was obtained from waste audits conducted by EPA.

Our initiatives to reduce waste focused on ensuring good waste management behaviour by our people. This included internal signage and communications to encourage our people to avoid generating waste where possible and, where not possible, to increase waste diversion to recycling and reduce the amount of waste sent to landfill.

Our total waste and waste per FTE decreased again in 2019–20 due to this year's *Plastic Free July* initiative and the coronavirus (COVID-19) pandemic. This was driven by a decrease across all categories with a large reduction in paper and card/secure paper which is in line with the reduction in paper use.

Table 13.7: Waste and Recycling

INDICATOR	2019–20	2018–19	2017–18
Ws 1. Total units of waste disposed of by destination (kg/yr)	17,177	23,194	24,108
Landfill (kg) ¹	4,801	5,646	5,432
Comingled recycling (kg)	4,098	6,693	6,964
E-waste & other recycling (kg)	235	352	389
Paper and card (kg)	633	805	2,158
Secure documents (kg) ²	1,182	2,708	2,463
Organics (kg)	6,227	6,990	6,703
Ws 2. Units of waste disposed of per FTE by destinations (kg/FTE)	24.05	34.31	35.66
Landfill (kg)	6.72	8.35	8.56
Comingled recycling (kg)	5.74	9.90	10.98
E-waste & other recycling (kg)	0.33	0.52	0.61
Paper and card (kg)	0.89	1.19	7.29
Secure documents (kg)	1.66	4.01	9.32
Organics (kg)	8.72	10.34	10.57
Ws 3. Recycling rate (percentage of total waste) ³	72%	76%	82%
Ws 4. Greenhouse gas emissions associated with waste disposal (tCO ₂ e)	6.94	7.92	7.08

Notes:

1. Waste to landfill includes cardboard, compostable material, non-recyclable material, paper, paper towels and contamination in recycling.
2. In 2017–2018, an estimation method was used to calculate the secure documents while paper and card data was sourced from EPA's waste audit reports. EPA has since identified secure documents could be directly sourced from the waste audits as part of its paper and card data. This led to a retrospective adjustment for waste data this financial year.
3. Recycled waste includes comingled recycling, e-waste and other recycling, paper and card, secure documents and organics.

Waste targets

We carried over our waste target from 2018–19. Our waste target for 2019–20 was a waste intensity target expressed as the quantity of waste generated per full-time equivalent (FTE) employee.

Table 13.8 presents our performance against our waste intensity target showing we exceeded target.

Table 13.8: Current performance against Sustainability Plan targets for waste

MEASURE	2019–20 TARGET	2019–20 ACTUAL
Waste generated per FTE per year (kg)	60 kg	24 kg

Paper

We use paper primarily for office printing. Table 13.9 shows our paper consumption performance over the past three financial years. Data for paper was obtained from EPA's expenditure report provided by our office paper supplier.

We have several initiatives in place to reduce paper consumption. *Follow-Me Printing* requires our people to confirm print jobs with their identification cards prior to the execution of the print job and aims to improve both printing management and security. All our printers are environmentally efficient models with print reporting and management software installed for improved information on usage and cost allocation by business unit. All our people have been provided with Microsoft Surface tablets to encourage greater digital, rather than paper-based, consumption of information. Following this, various functional areas of the business commenced a move to paperless processing prior to the coronavirus (COVID-19) pandemic.

The decrease in paper use in 2019–20 can be attributed to our targeted initiatives to reduce paper consumption and the coronavirus (COVID-19) pandemic. This is also reflected in a decrease in A4 equivalent reams used per FTE.

Table 13.9: Paper use

INDICATOR	2019–20	2018–19	2017–18
P1. Total units of A4 equivalent copy paper used (reams)	2,205	3,041	3,093
P2. Units of A4 equivalent copy paper used per FTE (reams/FTE)	3.1	4.5	4.9
P3. 75–100% recycled content	95.2%	100.0%	99.1%
P3. 50–74% recycled content	0.0%	0.0%	0.0%
P3. Percentage of 0–49% recycled content	4.8%	0.00%	0.87%

Paper-use targets

We carried over our paper use target from 2018–19. Our paper consumption target for 2019–20 was a paper consumption intensity target expressed as the number of reams of paper consumed per FTE. Table 13.10 presents our performance against our paper consumption intensity target showing we exceeded target.

Table 13.10: Current performance against Sustainability Plan targets for paper

MEASURE	2019–20 TARGET	2019–20 ACTUAL
Reams of A4-equivalent paper used per FTE per year	5.00	3.09

Water

Our water use includes water consumed across all eight office facilities. Table 13.11 presents our water use performance over the past three financial years. The data is based on water meter readings at all metropolitan and regional offices. Where data was not available, consumption was estimated using daily consumption rates obtained from available information.

EPA is one of several response agencies during emergency events in the State of Victoria. As part of the response to the recent bushfires, certain EPA office locations were staffed for longer hours and also hosted other response agencies, which partly contributed to higher water consumption over the summer. Overall, EPA saw a decrease in absolute water consumption and in office water consumed per FTE. This was driven by vacation of the Exhibition Street office, environmentally efficient facility upgrades for the Geelong and Dandenong offices, and the impacts of the coronavirus (COVID-19) pandemic.

Table 13.11: Water use (office facilities only)

INDICATOR	2019–20	2018–19	2017–18
W1. Total water consumption (kilolitres)	6,405	7,305	6,494
W2. Units of office water used as per FTE (kilolitres/FTE)	8.97	10.81	10.24
W3. Units of office water used per office area (kilolitres/m ²)	0.51	0.62	0.55

Water use targets

We carried over our water use target from 2018–19. Our water target for 2019–20 was a water use intensity target expressed as the number of kilolitres consumed per square-metre of floor area (kL/m²). Table 13.12 presents our performance against our water use intensity target showing we made progress in 2019–20 but did not meet target.

Table 13.12: Current performance against Sustainability Plan targets for water

MEASURE	2019–20 TARGET	2019–20 ACTUAL
Water use per year (kilolitres/m ²)	0.28	0.51

Transport

Our transport footprint includes vehicles, air travel and staff commuting. Table 13.13 shows our energy consumption and greenhouse gas emissions performance over the past three financial years. Data for EPA's vehicle fleet and flights was obtained from fuel card and other internal reports. Staff commuting data is generally obtained from a yearly travel survey, however, due to the coronavirus (COVID-19) pandemic, the 2018–19 survey was reused and extrapolated across all EPA staff.

We encourage our people to use public transport for official work whenever possible. Our video conferencing facilities have greatly reduced the need for our people to travel to other offices. A greater percentage of our people who commute to our head office in Melbourne CBD use more sustainable forms of transport than in the greater Melbourne and regional offices where transport infrastructure is not as established and accessible.

Due to the coronavirus (COVID-19) pandemic, travel was heavily restricted in latter part of the year, driving an overall decrease in vehicle fleet energy consumption, kilometres travelled, air travel, and emissions.

Table 13.13: Transport

INDICATOR	2019–20	2018–19	2017–18
T1. Total energy consumption by fleet vehicles (MJ)	3,056,138	3,879,170	3,133,598
Diesel	862,783	988,188	1,154,717
LPG	–	–	149,228
ULP	2,020,426	2,492,221	1,462,305
Hybrid	172,929	398,760	367,347
T2. Total distance travelled by fleet vehicles (km)	1,032,379	1,214,377	1,072,772
Diesel	248,661	306,437	346,952
LPG	–	–	73,320
ULP	683,764	721,429	474,920
Hybrid	99,954	186,511	177,581
T3. Total greenhouse gas emissions from fleet vehicles (tCO ₂ -e)	232	308	252
Diesel	64	73	86
LPG	–	–	10
ULP	156	206	130
Hybrid	12	28	26
T3. Greenhouse gas emissions from fleet vehicles per 1,000km (tCO ₂ -e)	0.23	0.25	0.23
Diesel	0.26	0.24	0.25
LPG	–	–	0.13
ULP	0.23	0.29	0.27
Hybrid	0.12	0.15	–
T4. Total distance travelled by aeroplane (km)	260,729	414,085	598,082
T5. Percentage of employees using sustainable ¹ modes of transport to get to and from work or working from home	70%	70%	76%
CBD (%) ²	86%	86%	
Metro (%)	73%	73%	
Regional (%)	48%	48%	

Notes:

1. Sustainable transport is defined here as public transport, cycling, walking, car-pooling, electric or hybrid vehicles.
2. The percentage of employees using sustainable modes of transport to get to and from work or working from home by location (CBD, metro and regional) was unavailable prior to 2018–2019. As such, the total percentage has been provided across locations for 2017–18 for ease of comparison.

Transport targets

We carried over our transport targets from 2018–19. Our transport target for 2019–20 included:

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

Table 13.14 shows our performance against these two targets. The increase in fuel efficiency of vehicle fleet has been met while the increase in sustainable transport is the same as 2018–19 due to reusing the same travel survey.

Table 13.14: Current performance against Sustainability Plan targets for transport

MEASURE	2019–20 TARGET	2019–20 ACTUAL
Fuel efficiency of vehicle fleet (kg CO ₂ -e/km)	0.2288	0.2123
Use of sustainable transport for work purposes	74%	70%

Greenhouse gas emissions

Table 13.15 summarises our greenhouse gas emissions over the past three financial years. We voluntarily purchases carbon offsets to achieve net zero emissions each year.

Our total greenhouse gas emissions for 2019–20 were 3,109 tCO₂-e. This represents a 14 per cent decrease in greenhouse gas emissions from 2018–19 due to our resource consumption reduction initiatives and the impacts of the coronavirus (COVID-19) pandemic.

Table 13.15: Greenhouse gas emissions

INDICATOR	2019–20	2018–19	2017–18
G1. Total greenhouse gas emissions associated with energy use (tCO ₂ e)	2,371	2,727	2,963
G2. Total greenhouse gas emissions associated with vehicle fleet (tCO ₂ e)	220	279	226
G3. Total greenhouse gas emissions associated with air travel (tCO ₂ e)	42	71	110
G4. Total greenhouse gas emissions associated with waste disposal (tCO ₂ e)	7	8	7
G5. Total emissions from other sources (tCO ₂ e) ¹	469	532	484
G6. Greenhouse gas emissions offsets purchased (tCO ₂ e)	3,300	3,800	4,000

Note:

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

Greenhouse gas emissions targets

We carried over our greenhouse gas emissions target from 2018–19. The target was an emissions reduction target set from our 2009–10 emissions baseline. Table 13.16 presents our performance against our greenhouse gas emissions target showing that we exceeded target due to factors including our efforts towards reducing our emissions and the impact of the coronavirus (COVID-19) pandemic on activity during the last three months of the financial year.

Table 13.16: Current performance against Sustainability Plan targets for greenhouse gas

MEASURE	2019–20 TARGET	2019–20 ACTUAL
Reduction in greenhouse gas emissions	15%	36%

Greener Procurement

EPA applies sustainability criteria to all procurements with a fixed weighting of 10 per cent to all potential suppliers' environmental management practices. Our goal is to purchase 100 per cent recycled paper for all our offices.

We minimise our environmental impact by applying sustainability criteria to the purchase of stationery, cleaning, paper, catering and venue hire. We use ecologically sustainable design guidelines for new buildings or office fit-outs. Examples of how we have incorporated environmental procurement decisions include:

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

Procurement

EPA provides technical and authoritative advisory services to all business areas within the organisation to cover the full cycle of a commercial transaction from procurement planning through to contract execution and management. We maintain oversight of all our procurements over \$30,000.

All procurement has some level of impact on the environment. We seek responses from environmentally responsible suppliers who follow sustainable procurement practices.

Other information available on request

Information listed in this section (as per the Financial Reporting Directive 22B of the *Financial Management Act 1994*) is held at EPA's head office in Melbourne, located at 200 Victoria Street,

Carlton, and is available on request, subject to the *Freedom of Information Act 1982*:

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

In addition, EPA confirms that:

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

Compliance with the 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 www.data.vic.gov.au in machine readable format.

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

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



Kate Auty

Chair

Environment Protection Authority Victoria
Responsible Body

Melbourne

6 October 2020

14 Definitions

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

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 www.epa.vic.gov.au.

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).

Combustible recyclable and waste materials: Includes paper, cardboard, wood, plastic, rubber, textile, organic material, refuse derived fuel, specified electronic waste, metals, and other combustible material which is considered waste.

Duty holder: A person or business with responsibilities and duties to protect human health and the environment from pollution and waste.

Emerging contaminants: Chemicals released into the environment that may harm ecosystems or humans, but for which we may not yet have clear environmental standards. Examples include pesticides and industrial chemicals.

Environment Protection Amendment Act

2018: The remaining provisions of this Act are intended to commence on 1 July 2021. When they commence, there will be an updated version of the *Environment Protection Act 2017*, which will include a general environmental duty.

General environmental duty: This duty will apply under Victoria's new environment protection laws that are intended to commence on 1 July 2021. The duty will require individuals and businesses engaging in activities involving a risk of harm to human health or the environment from pollution or waste to minimise those risks, so far as reasonably practicable. Refer to section 25 of the amended *Environment Protection Act 2017* for more details.

MAC inquiry: Since the EPA began operating in 1971, Victoria's population and economy have grown and changed creating new and different environmental challenges for the community and new tasks for the EPA. Victoria's population is expected to reach 10 million by 2051. In May 2015, the Minister for Environment, Climate Change and Water appointed a Ministerial Advisory Committee to undertake an independent Inquiry into EPA. In accordance with the terms of reference, the Inquiry was tasked with considering how best to protect public health and the environment for future generations and combine this environmental protection role with economic sustainability and jobs growth. The Inquiry examined EPA's role, powers, governance and funding, and tools. The Inquiry commenced on 1 June 2015 and concluded on 31 March 2016 when the Ministerial Advisory Committee delivered their report to the Minister for Environment, Climate Change and Water. The government released its response to the Inquiry on 17 January 2017.

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.

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 micrometres). 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.

PFAS: Per- and polyfluorinated alkyl substances are a group of manufactured chemicals that have historically been used in firefighting foams and other industrial and consumer products for many decades.

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 (PCPANs): 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 PCPANs.

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.

Reasonably practicable: Under the general environmental duty, the duty to minimise risks will apply so far as reasonably practicable. Section 6(2) of the amended *Environment Protection Act 2017* sets out the factors that will be relevant to determining what is reasonably practicable.

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.

ug/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.

VCAT: Victorian Civil and Administrative Tribunal which hears and decides civil and administrative legal cases in the State of Victoria, Australia.

Works approval: EPA receives and assesses applications to issue licences and works approvals. A works approval is required when the occupier of scheduled premises seeks to increase or alter the emissions or the types of wastes that their premises handle. The environment protection regulations say which industrial or commercial activities require an EPA works approval before they are built or modified, and then licensed by EPA to operate.

Waste transport certificates: A document required under regulations to track the movement of prescribed industrial waste (PIW) from *cradle to grave*. Waste transport certificates enable information about the PIW waste to be passed on in the waste management chain including categorisation of the waste and who has had control of it.

53X: A 53X ('condition of the environment') audit is most frequently used by the planning system and verifies that potentially contaminated land can be used for a specific use (industrial, commercial or residential). From a 53X audit comes either a certificate or statement of environmental audit. Generally, a 53X audit is required when land proposed for new use is potentially contaminated or already covered by an environmental audit overlay within a planning scheme. An example of this might be construction of residential buildings on former industrial land.

15 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		
MD 19	Ministerial Direction 19	20, 41
REPORT OF OPERATIONS – FRD GUIDANCE		
CHARTER AND PURPOSE		
FRD 22H	Manner of establishment and the relevant ministers	7
FRD 22H	Purpose, functions, powers and duties	7
FRD 8C	Departmental objectives, indicators and outputs	n/a
FRD 22H	Initiatives and key achievements	15–38
FRD 22H	Nature and range of services provided	3
MANAGEMENT AND STRUCTURE		
FRD 22F	Organisational structure	46–53
FINANCIAL AND OTHER INFORMATION		
FRD 8C, SD 4.2(k)	Performance against output performance measures	39–43
FRD 8C	Budget portfolio outcomes	n/a
FRD 10	Disclosure index	77–78
FRD 12B	Disclosure of major contracts	63
FRD 15E	Executive officer disclosures in the Report of Operations	58–59
FRD 22H	Employment and conduct principles	55
FRD 22H	Occupational Health and Safety Policy	52–53
FRD 22H	Summary of the financial results for the year	44–45
FRD 22H	Significant changes in financial position during the year	44–45
FRD 22H	Major changes or factors affecting performance	44–45
FRD 22H	Subsequent events	45, 130–131
FRD 22H	Compliance with the <i>Disability Act 2006</i>	58
FINANCIAL REPORT		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	64
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	65
FRD 22H	Statement on National Competition Policy	64
FRD 22H	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	65
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	n/a
FRD 22H	Details of consultancies more than \$10,000	61–62
FRD 22H	Details of consultancies under \$10,000	63
FRD 22H	Statement of availability of other information	73
FRD 24D	Reporting of office based environmental impacts	66–73
FRD 35C	<i>Local Jobs First: Victorian Industry Participation Policy Act 2003</i>	60
FRD 29C	Work force Data disclosures in the Report of Operations – Public Service Employees	56–58

LEGISLATION	REQUIREMENT	PAGE REFERENCE
SD 4.5.5	Risk management compliance attestation	74
SD 4.2(g)	Specific information requirements	15–38
SD 4.2(j)	Sign off requirements	2
FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FMA		
SD4.2(a)	Statement of changes in equity	85
SD4.2(b)	Comprehensive operating statement	83
SD4.2(b)	Balance sheet	84
SD4.2(b)	Cash flow statement	86
OTHER REQUIREMENTS UNDER STANDING DIRECTIONS 4.2		
SD4.2(c)	Compliance with Australian Accounting Standards and other authoritative pronouncements	87
SD4.2(c)	Compliance with Ministerial Directions	87
SD4.2(d)	Rounding of amounts	87
SD4.2(c)	Responsible body's declaration	79
SD4.2(f)	Compliance with Model Financial Report	87
OTHER DISCLOSURES AS REQUIRED BY FRDS IN NOTES TO THE FINANCIAL STATEMENTS		
FRD 9B	Departmental disclosure of administered assets and liabilities by activity	96–97
FRD 11A	Disclosure of ex gratia expenses	131
FRD 13	Disclosure of parliamentary appropriations	n/a
FRD 21C	Disclosures of responsible persons and executive officers in the financial report	125–126
FRD 102A	Inventories	n/a
FRD 103G	Non-financial physical assets	98–103
FRD 104	Foreign currency	n/a
FRD 106B	Impairment of assets	101–102
FRD 109A	Intangible assets	102
FRD 107B	Investment properties	n/a
FRD 110A	Cash flow statements	86
FRD 112D	Defined benefit superannuation obligations	92
FRD 113A	Investments in subsidiaries, joint ventures and associates in the separate financial statements	n/a
FRD 114B	Financial instruments – general government entities and public non-financial corporations	114–121
FRD 119A	Transfers through contributed capital	91
LEGISLATION		
<i>Freedom of Information Act 1982</i>		64
<i>Building Act 1993</i>		65
<i>Public Interest Disclosures Act 2012</i>		65
<i>Carers Recognition Act 2012</i>		n/a
<i>Local Jobs First: Victorian Industry Participation Policy Act 2003</i>		60
<i>Financial Management Act 1994</i>		87
<i>Environment Protection Act 2017 and the Environment Protection Amendment Act 2018</i>		43

16 Responsible body's declaration

The attached financial statements have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and financial position of the Authority at 30 June 2020.

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 6 October 2020.



Professor Kate Auty
Chairperson
Environment Protection Authority
Melbourne
6 October 2020



Dr Cathy Wilkinson
Chief Executive Officer
Environment Protection Authority
Melbourne
6 October 2020



Sandra Stoklossa
Chief Financial Officer
Environment Protection Authority
Melbourne
6 October 2020

Independent Auditor's Report

To the Board of the Environment Protection Authority

Opinion	<p>I have audited the financial report of the Environment Protection Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration in the financial statements. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's
responsibilities
for the audit
of the financial
report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
16 October 2020



Paul Martin
as delegate for the Auditor-General of Victoria

How these financial statements are structured

Environment Protection Authority (the Authority) has pleasure in presenting its audited, general purpose financial statements for the financial year ended 30 June 2020, which provides users with information about the Authority's stewardship of resources entrusted to it. The 2019-20 financial year has seen the Authority continue an extensive transformation program, aligned with the Authority's organisational strategy; *Our environment, Our health*.

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



Financial statements:

Comprehensive operating statement
Balance sheet
Statement of changes in equity
Cash flow statement



Notes to the financial statements:

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



Comprehensive Operating Statement

For the financial year ended 30 June 2020

	NOTES	2020 (\$ '000)	2019 (\$ '000)
INCOME FROM TRANSACTIONS			
Grants from Departments	2.3	8,497	5,381
Municipal and Industrial Landfill levy distribution (i)	2.3	71,965	60,882
Prescribed Industrial Waste levy	2.1	44,881	48,130
Other revenue	2.2	12,159	12,954
Grants – reform output funding (ii)(iii)	2.4	40,989	44,380
Grants – reform asset funding (ii)(iii)	2.4	8,150	5,000
Total income from transactions		186,641	176,727
EXPENSES FROM TRANSACTIONS			
Employee expenses	3.1.1	(89,471)	(80,269)
Grant expenses	3.1.2	(967)	(5,816)
Depreciation and amortisation	5.1.1	(10,499)	(7,867)
Interest expense	7.1.2	(403)	(78)
Other operating expenses (i)	3.1.3	(115,750)	(83,120)
Total expenses from transactions		(217,090)	(177,150)
Net result from transactions		(30,449)	(423)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net gain/(loss) on non-financial assets	9.7 (a)	17	1,889
Net gain/(loss) on statutory receivables	9.7 (b)	(1,485)	(1,957)
Net gain/(loss) on financial instruments	9.7 (c)	(3,496)	268
Other gains/(losses) from other economic flows	9.7 (d)	(309)	(32)
Total other economic flows included in net result		(5,273)	168
Net result		(35,722)	(255)
Comprehensive result (iv)		(35,722)	(255)

Notes:

- (i) In 2019-20, the Authority recognised the second year of Municipal and Industrial (M & I) funding and increased its provision in relation to waste site remediation works of a commercial site. Refer Note 6.4.
- (ii) In 2019-20, the Authority received additional Municipal and Industrial (M&I) Landfill levy distribution grants as part of the fourth year of the 'Bringing our Environment Protection Authority into the modern era' initiative. This revenue includes funding for asset investment purposes which has been capitalised on the Authority's balance sheet.
- (iii) This income stream currently expires at the end of 2020-21 in line with the 'Bringing our Environment Protection Authority into the modern era' initiative funding.
- (iv) The Comprehensive result reflects the planned deficit associated with the reform work undertaken to ensuring the delivery of the 'Bringing our Environment Protection Authority into the modern era' initiative. In line with Board approval, the deficit has been funded by the Authority's accumulated surpluses.

The accompanying notes form part of these financial statements.



Balance Sheet

As at 30 June 2020

	NOTES	2020 (\$ '000)	2019 (\$ '000)
ASSETS			
FINANCIAL ASSETS			
Cash and deposits	7.2	8,237	40,035
Investments	5.3	41,945	83,442
Receivables (i)	6.1	101,440	77,082
Total financial assets		151,622	200,559
NON-FINANCIAL ASSETS			
Property, plant and equipment	5.1	65,606	35,456
Intangible assets	5.2	21,226	5,809
Non-financial physical assets classified as held-for-sale	9.5	–	26
Other non-financial assets	6.3	2,308	1,982
Total non-financial assets		89,140	43,273
Total assets		240,762	243,832
LIABILITIES			
Employee-related provisions	3.11(b)	19,599	16,077
Payables	6.2	22,127	14,939
Provisions (i)	6.4	55,354	34,617
Borrowings	7.1	2,154	2,273
Total liabilities		99,234	67,906
Net assets		141,528	175,926
EQUITY			
Accumulated surplus		134,104	168,882
Contributed capital		3,741	3,361
Physical asset revaluation surplus	9.6	3,683	3,683
Net worth		141,528	175,926

Note:

(i) In line with last year's disclosure, the Authority recognised a receivable and an increase to its provision in relation to waste site remediation works of a commercial site. Refer Note 6.4.

The accompanying notes form part of these financial statements.



21 Statement of Changes in Equity

For the financial year ended 30 June 2020

	PHYSICAL ASSET REVALUATION SURPLUS (\$ '000)	ACCUMULATED SURPLUS (\$ '000)	CONTRIBUTIONS BY OWNER (\$ '000)	TOTAL (\$ '000)
Balance at 1 July 2018	3,683	169,137	3,361	176,181
Net result for the year	–	(255)	–	(255)
Balance at 30 June 2019	3,683	168,882	3,361	175,926
Change in accounting policy – AASB 16	–	944	–	944
Restated balance as at 1 July	3,683	169,826	3,361	176,870
Transfer to Contributed capital	–	–	380	380
Net result for year	–	(35,722)	–	(35,722)
Balance at 30 June 2020	3,683	134,104	3,741	141,528

The accompanying notes form part of these financial statements.



Cash Flow Statement

For the financial year ended 30 June 2020

	NOTES	2020 (\$ '000)	2019 (\$ '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Receipts from Government		109,450	88,609
Receipts from other entities		54,246	59,042
Goods and services tax recovered from the ATO (i)		13,973	6,395
Interest received		–	1,620
Total receipts		177,669	155,666
PAYMENTS			
Payments of grants and other transfers		(967)	(5,816)
Payments to suppliers and employees		(193,833)	(136,399)
Interest and other costs of finance paid		(403)	(78)
Total payments		(195,203)	(142,293)
Net cash flows from/(used in) operating activities	7.2.1	(17,534)	13,373
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds/(payment) for financial assets		41,497	(20,268)
Purchases of non-financial assets		(55,651)	(21,974)
Net cash flows from/(used in) investing activities		(14,154)	(42,242)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of leases		(490)	(491)
Owner's contribution from State		380	–
Net cash flows from/(used in) financing activities		(110)	(491)
Net increase/(decrease) in cash and cash deposits		(31,798)	(29,360)
Cash and cash deposits at beginning of the financial year		40,035	69,395
Cash and cash deposits at end of the financial year	7.2	8,237	40,035

Note:

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

The accompanying notes form part of these financial statements.



Notes to the Financial Statements

For the financial year ended 30 June 2020

1. About this report



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

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

In April 2020, the Victorian Government announced the postponement of the *Environment Protection Act 2018*, which will transform Victoria's environment protection laws and the Authority until 1 July 2021. The new Act was due to commence on the 1 July 2020.

Its principal address is: Environment Protection Authority Victoria
200 Victoria Street
Carlton VIC 3053

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

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

Basis of preparation

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

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

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

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

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

Compliance information

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

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

Impact of COVID-19 on the financial statements

In March 2020, the Victorian government announced a mandate and imposed Stage 3 restrictions on the community in response to the coronavirus (COVID-19) pandemic. These restrictions reduced operations across industries, less movement of Victorians outside of their homes, employees encouraged to work from home when possible and the closure of some industries.

To adhere to the Victorian government mandate and restrictions the Authority incurred additional expenditure on its IT infrastructure to facilitate employees working from home and employee costs to provide the work from home allowance in accordance with the Whole of Victoria Government policy. This expenditure specifically related to COVID-19 but has not been separately disclosed in the financial statements as it is immaterial.

With the reduced movement of Victorians outside of their homes The Authority has seen a reduced number of litter infringements compared to the previous year resulting in lower revenue, however, the specific impact of COVID-19 is not quantifiable.

Management has undertaken assessments for all other financial statement items and not identified any material impact as a result of COVID-19 requiring additional separate disclosure.

Additional COVID-19 disclosure on the anticipated impact for the 2020-2021 financial year has been included as part of the subsequent events disclosure, refer to Note 9.8 for this additional detail.

2. Funding delivery of our services and transformation initiatives



Introduction

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

The Authority derives the majority of its revenue from grants and reform funding received from the Department, Municipal and Industrial (M&I) Landfill levy distributions and Prescribed Industrial Waste (PIW) levy.

Other income comprises earnings on investments and litter fines.

In 2019-20, the Authority received additional M&I Landfill levy distribution grants as part of the fourth year of the *'Bringing our Environment Protection Authority into the modern era'* initiative.

Structure

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

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

	NOTES	2020 (\$ '000)	2019 (\$ '000)
Grants from the Department	2.3	8,497	5,381
M&I Landfill levy distribution from the Department (i)	2.3	71,965	60,882
Prescribed Industrial Waste levy		44,881	48,130
Other revenue	2.2	12,159	12,954
Grants – reform output funding	2.4	40,989	44,380
Grants – reform asset funding	2.4	8,150	5,000
Total income from transactions		186,641	176,727

Note:

- (i) In 2019-20, the Authority recognised the second year of (M&I) funding in relation to waste site remediation works of a commercial site.

The Authority has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

The impact of initially applying AASB 1058 on the Authority's grant revenue is described in Note 9.10.2. Due to the modified retrospective transition method chosen in applying AASB 1058, comparative information has not been restated to reflect the new requirements. The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

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

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers. Revenue is recognised when the Authority satisfies the performance obligation. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

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

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

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

2.2 Other revenue

	2020 (\$ '000)	2019 (\$ '000)
Licence levy	369	358
Interest from financial assets – public sector	–	1,306
Interest and holding gains from financial assets – non-public sector	4,638	4,010
Litter fines	4,724	4,861
Miscellaneous	2,044	2,016
Environment audit fees	384	403
Total other revenue	12,159	12,954

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.

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

2.3 Grants

	2020 (\$ '000)	2019 (\$ '000)
Grants from the Department	8,497	5,381
M&I Landfill levy distribution from the Department (i)	71,965	60,882
Total grants revenue	80,462	66,263

Note:

(i) In 2019-20, the Authority recognised the second year of (M&I) funding and an increase to its provision in relation to waste site remediation works of a commercial site. Refer Note 6.4.

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

2.4 Grants – reform funding

	2020 (\$ '000)	2019 (\$ '000)
Grants – reform output funding	40,989	44,380
Grants – reform asset funding	8,150	5,000
Total grants revenue – reform funding	49,139	49,380

In 2019-20, the Authority received additional M&I Landfill levy distribution grants as part of the fourth year of the *'Bringing our Environment Protection Authority into the modern era'* initiative. This revenue includes funding for asset investment purposes which has been capitalised on the Authority's balance sheet.

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

2.5 Contributions by owners

During the year, the Authority received \$380k (30 June 2019: \$0) of contributed capital as a result of the transfer of operating leases to Department of Treasury and Finance. Grant funding of \$8.15 million (30 June 2019: \$5.0 million) was received for capital works on specific projects reflected in Note 2.4.

3. The cost of delivering services and transformation initiatives



Introduction

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

In 2019-20, the Authority commenced the clean-up of a waste stockpile at two regional sites.

Structure

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

3.1 Expenses incurred in delivery of services and transformation initiatives

	NOTES	2020 (\$ '000)	2019 (\$ '000)
Employee expenses	3.1.1	89,471	80,269
Grant expenses	3.1.2	967	5,816
Other operating expenses (i)	3.1.3	115,570	83,120
Total expenses incurred in delivery of services and transformation initiatives		206,188	169,205

Note:

- (i) In line with last year's disclosure, in 2019-20 the Authority increased its provision associated with site remediation relating to a commercial site.

3.1.1 Employee benefits

3.1.1(a) Employee benefits – comprehensive operating statement

	2020 (\$ '000)	2019 (\$ '000)
Salary and wages, annual leave and long service leave	82,751	74,168
Post-employment benefits:		
Defined contribution superannuation expense	6,527	5,785
Defined benefit superannuation expense	193	316
Total employee expenses	89,471	80,269

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

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

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

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

3.1.1(b) Employee benefits in the balance sheet

	2020 (\$ '000)	2019 (\$ '000)
CURRENT PROVISIONS		
Annual leave		
Unconditional and expected to be settled within 12 months (i)	7,711	5,769
Long service leave		
Unconditional and expected to be settled within 12 months	465	590
Unconditional and expected to be settled after 12 months	5,492	6,570
Provisions for on-costs		
Unconditional and expected to be settled within 12 months (i)	72	91
Unconditional and expected to be settled after 12 months	850	1,016
Total current provisions for employee benefits	14,590	14,036
NON-CURRENT PROVISIONS		
Conditional long service leave	4,338	1,768
On-costs	671	273
Total non-current provisions for employee benefits	5,009	2,041
Total provisions for employee benefits	19,599	16,077

Note:

- (i) 2019 figures had an incorrect split between accounts with \$862k included as part of the current provision for on-costs. This is part of the current annual leave provision. This has been updated to ensure comparatives are accurate in the 2019-20 financial statements.

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

Reconciliation of movement in on cost provisions

	2020 (\$ '000)
Opening balance as at 1 July 2019	1,380
Additional provisions recognised	1,150
Additions due to transfer in	(9)
Reduction arising from payments/other sacrifices of future economic benefits	(754)
Reduction resulting from re-measurement or settlement without cost	–
Unwind of discount and effect of changes in the discount rate	(174)
Closing balance as at 30 June 2020	1,593
Current	922
Non-current	671

3.1.1(b) Employee benefits in balance sheet (continued)**Wages, salaries and annual leave:**

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

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

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

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

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

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

The components of these liabilities are measured at:

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

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

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

3.1.1(c) Superannuation contributions – comprehensive operating statement

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

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

	2020 (\$ '000)	2019 (\$ '000)
DEFINED BENEFIT PLANS (i)		
Emergency Services and State Superannuation Fund (ESS)	193	316
Total defined benefit plans	193	316
DEFINED CONTRIBUTION PLANS		
VicSuper	3,372	3,122
Other	3,155	2,663
Total defined contribution plans	6,527	5,785
Total	6,720	6,101

Note:

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

3.1.2 Grant expenses

	2020 (\$ '000)	2019 (\$ '000)
Grants to Victorian Government entities within portfolio	–	4,639
Grants to Victorian Government entities outside portfolio	696	652
Grants to external organisations	271	525
Total grant expenses	967	5,816

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

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

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

3.1.3 Other operating expenses

	2020 (\$ '000)	2019 (\$ '000)
Consultants and contracted services (i)	19,789	24,832
Agency costs	15,871	5,131
Shared services management fee	2,895	2,064
Occupancy and utilities	1,763	3,416
Supplies and services	20,434	13,129
Waste site remediation works(ii)	52,562	30,000
OPERATING LEASE RENTAL EXPENSES		
Lease payments	2,436	4,548
Total other operating expenses	115,750	83,120

Notes:

(i) The Authority sourced external services to support the Transformation program to meet the new legislation as part of the '*Bringing our Environment Protection Authority into the modern era*' initiative. During the course of 2019-20, the Authority employed the services of contractors for site remediation works.

(ii) In 2019-20, the Authority recognised the second year of (M&I) funding and increased its provision in relation to waste site remediation works of a commercial site. Refer Note 6.4.

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

Operating lease payments are recognised 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.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

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

4. Financial information by output



Introduction

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

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

Structure

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

Distinction between controlled and administered items

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

4.1 Authority (controlled) outputs

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

4.2 Administered (non-controlled) items

The Authority administers or manages other activities on behalf of the state. The transactions relating to these state activities are reported as administered items in this note. Administered transactions give rise to income, expenses, assets and liabilities and are determined on an accrual basis. Administered income includes 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. The controlled Authority's 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 for the Department that recognises the revenue. Refer Note 9.3.

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

4.2 Administered (non-controlled) items (continued)

	2020 (\$ '000)	2019 (\$ '000)
ADMINISTERED INCOME FROM TRANSACTIONS		
Regulatory fees	15,834	15,904
Miscellaneous	183	449
Fines	318	872
User charges	268	238
Total administered income from transactions	16,603	17,463
Payments into the consolidated fund	(14,452)	(17,625)
Total administered expenses from transactions	(14,452)	(17,625)
Administered net result from transactions (net operating balance) for the year	2,151	(162)
Administered other economic flows included in administered net result		
Net gain/(loss) on receivables	(119)	(74)
Total administered other economic flows included in administered net result	(119)	(74)
Total administered comprehensive result for the year	2,032	(236)
ADMINISTERED FINANCIAL ASSETS		
Cash and deposits	29,600	44,900
Receivables	40,087	41,856
Accrued revenue	62,529	57,156
Total administered financial assets	132,216	143,912
Total administered assets	132,216	143,912
ADMINISTERED LIABILITIES		
Creditors and accruals (i)	128,785	142,521
Unearned income	8	–
Total administered liabilities	128,793	142,521
Total administered net assets	3,423	1,391

Note:

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

5. Key assets available to support service delivery and transformation initiatives



Introduction

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

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

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

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

Structure

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

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

	2020 (\$ '000)	2019 (\$ '000)
BUILDINGS LEASEHOLD IMPROVEMENTS		
At fair value – external valuation (ii)	13,193	13,193
Less: accumulated depreciation	(9,873)	(9,351)
At fair value – internal valuation (iii)	15,131	11,008
Less: accumulated depreciation	(8,975)	(7,438)
Total buildings leasehold improvements	9,476	7,412
PLANT AND EQUIPMENT		
At fair value (iv)	19,476	18,113
Less: accumulated depreciation	(13,541)	(12,719)
Total plant and equipment	5,935	5,394
WORK-IN-PROGRESS		
At cost (v)	48,053	20,417
Total work-in-progress	48,053	20,417
RIGHT OF USE – MOTOR VEHICLES		
At fair value	3,060	2,909
Less: accumulated depreciation	(918)	(676)
Total right of use – motor vehicles	2,142	2,233
Net carrying amount of property, plant and equipment	65,606	35,456

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

Notes:

- (i) AASB 16 Leases has been applied for the first time, and for any new contracts entered into on or after 1 July 2019, the Authority considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.
- (ii) During 2015-16, an independent valuation of the Authority's building leasehold assets at Macleod was performed by Napier & Blakeley, in accordance with instructions from the Valuer-General Victoria, to determine the fair value of building leasehold improvements. These assets were classified as Level 3 in the fair value hierarchy defined in AASB 13 Fair value measurement. The valuation assumptions included envisaging reconstruction to a modern equivalent standard and temporary protection of adjoining buildings where appropriate. Any revaluation increment arising on the revaluation of an asset was credited to the appropriate class of the asset revaluation surplus. On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.
- (iii) During 2017-18, the Authority reviewed the fair value of all other buildings leasehold improvements and it was decided that the Authority would no longer use the leasehold improvement once the proposed redevelopment of one of the Authority's building leaseholds commenced. As such, an impairment loss of \$1.8 million was recognised for the period based on its recoverable amount; the fair value of all other building leasehold improvements was not materially different to the estimated replacement cost.

In 2018-19, the Authority was advised the redevelopment would not proceed in the foreseeable future and the Authority now plans to remain at the premises until the expiry of its tenancy in July 2021. In accordance with AASB 136 the prior year impairment loss has been reversed in recognition of the future use of the asset. AASB 136 directs that a reversal of an impairment loss shall be recognised in the net result. Depreciation charges have been reinstated to re-allocate the asset's revised carrying amount post impairment reversal.
- (iv) 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 2020.
- (v) Work-in-progress relates to assets which are not yet completed or ready for use. These assets will be capitalised and commence depreciation upon commissioning. During 2019-20, the Authority continued its extensive digital transformation program and investment in facilities to improve regional presence. With the postponement of the *Environment Protection Amendment Act 2018* until 1 July 2021, a number of projects were rescheduled to align with the new go-live date.

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

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

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

The fair value of plant, equipment and vehicles is determined by reference to the asset's 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 life of the assets concerned.

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2020 continued

5.1.1 Depreciation and amortisation

All buildings, plant and equipment and other non-financial physical assets that have a finite useful life, are depreciated. Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. The following useful lives of assets are used in the calculation of depreciation for both current and prior years:

ASSET CLASS	USEFUL LIFE
Buildings leasehold improvements	4 – 25 years
Plant and equipment	1 – 20 years
Leased motor vehicles	0 – 3 years

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

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

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

Charge for the period

	2020 (\$ '000)	2019 (\$ '000)
Building leasehold improvements	2,058	1,619
Right of use asset – accommodation (i)	1,815	–
Right of use asset – motor vehicles	488	496
Plant and equipment	1,510	1,301
Software (ii)	4,628	4,451
Total depreciation and amortisation	10,499	7,867

Notes:

(i) Includes amortisation costs for accommodation leases for the period up to 31 October 2019. Accommodation leases were transferred to the Department of Treasury and Finance on the 1 November 2019.

(ii) Includes amortisation costs relating to the Authority's customer relationship management system of \$3.8 million (2019 \$3.9 million) (Refer Note 5.2). The asset has now been fully depreciated.

5.1.2 Reconciliation of movements in carrying values of property, plant and equipment

	BUILDINGS LEASEHOLD IMPROVEMENTS AT VALUATION AND FAIR VALUE (\$ '000)	PLANT AND EQUIPMENT AT FAIR VALUE (\$ '000)	MOTOR VEHICLES (ROU) AT FAIR VALUE (\$ '000)	WORK-IN- PROGRESS (\$ '000)	TOTAL (\$ '000)
2020					
Opening balance	7,412	5,394	2,233	20,417	35,456
Additions	4,122	2,071	696	39,986	46,875
Disposals	–	(20)	(325)	–	(345)
Impairment loss reversed to net result (i)					
Transfer to:					
Non-financial assets held for sale	–	–	26	–	26
Building lease improvements					
Plant and equipment	–	–	–	(4,577)	(4,577)
Intangibles				(7,773)	(7,773)
Depreciation	(2,058)	(1,510)	(488)	–	(4,056)
Closing balance	9,476	5,935	2,142	48,053	65,606
2019					
Opening balance	7,074	5,460	2,248	1,073	15,855
Additions	117	1,245	868	19,943	22,173
Disposals	–	(10)	(328)	–	(338)
Impairment loss reversed to net result (i)	1,840	–	–	–	1,840
Transfer to:					
Non-financial assets held for sale	–	–	(59)		(59)
Building lease improvements	–	–	–	(399)	(399)
Plant and equipment	–	–	–	(200)	(200)
Intangibles	–	–	–	–	–
Depreciation	(1,619)	(1,301)	(496)	–	(3,416)
Closing balance	7,412	5,394	2,233	20,417	35,456

Note:

- (i) In 2018-19, the Authority was advised a planned redevelopment of a leasehold site will not proceed, and the Authority now plans to remain at the premises until the expiry of the lease in July 2021. In accordance with AASB 136 the prior year impairment loss has been reversed in recognition of the future use of the asset. AASB136 directs that a reversal of an impairment loss shall be recognised in the net result. Depreciation charges have been readjusted to reallocate the asset's revised carrying amount post impairment reversal (Refer Note 9.7).

Notes to the Financial Statements

For the financial year ended 30 June 2020 continued

5.2 Intangible assets

	2020 (\$ '000)	2019 (\$ '000)
GROSS CARRYING AMOUNT AT COST		
Opening balance	23,580	22,305
Additions to software	20,045	1,275
Disposals of software	–	–
Closing balance	43,625	23,580
ACCUMULATED AMORTISATION		
Opening balance	(17,771)	(13,320)
Amortisation expense (i)	(4,628)	(4,451)
Disposals	–	–
Closing balance	(22,399)	(17,771)
Net book value at the end of the financial year	21,226	5,809

Note:

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

Initial recognition

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

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

Subsequent measurement

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

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

Impairment of intangible assets

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

Significant intangible assets

The Authority had previously capitalised the development of its SAP Customer Relationship Management System (SAP-CRM). The system has been completely amortised, reflecting a new customer relationship management platform commencing in July 2021, in line with the commencement of the *Environment Protection Amendment Act 2018*. This new platform is part of an extensive digital transformation program the Authority is currently undertaking.

5.3 Investments

	2020 (\$ '000)	2019 (\$ '000)
NON-CURRENT INVESTMENTS		
Managed investment fund (i)	41,945	83,442
Total non-current investments	41,945	83,442

Note:

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

6. Other assets and liabilities



Introduction

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

Structure

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

6.1 Receivables

	2020 (\$ '000)	2019 (\$ '000)
CONTRACTUAL		
Trade debtors	382	688
STATUTORY		
Amounts owing from the Public Account (i)	8,813	10,110
Fines and regulatory fees	10,963	11,996
Allowance for impairment losses of statutory receivables	(3,315)	(7,998)
Amounts owing from the Department (ii)	72,000	49,608
Accrued revenue – Environment Protection Fund (iii)	11,164	11,481
GST input tax credit recoverable	1,433	1,197
Total receivables	101,440	77,082

Notes:

- (i) The amounts recognised from Victorian Government represent funding for all commitments incurred through the Environment Protection Fund and are drawn from the Public Account as the commitments fall due.
- (ii) The amounts include the Government's second year funding commitment for the remediation works relating to a commercial site. Refer Note 6.4.
- (iii) Accrued revenue comprises estimated PIW levies which remained unpaid at 30 June 2020.

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

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

6.2 Payables

	2020 (\$ '000)	2019 (\$ '000)
CURRENT PAYABLES		
Accounts payable	2,858	2,872
Accruals	14,670	8,376
Salaries and other employee entitlements	4,599	3,109
Total current payables	22,127	14,357
NON-CURRENT PAYABLES		
Trade creditors	–	582
Total non-current payables	–	582
Total payables	22,127	14,939

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

6.2.1 Maturity analysis of contractual payables

	CARRYING AMOUNTS (\$ '000)	NOMINAL AMOUNT (\$ '000)	MATURITY DATES (\$ '000)				
			LESS THAN 1 MONTH	1–3 MONTHS	3 MONTHS – 1 YEAR	1–5 YEARS	5+ YEARS
2020							
Accounts payable	2,858	2,858	2,681	177	–	–	–
Accruals	14,670	14,670	14,670	–	–	–	–
Salaries and other employee entitlements	4,599	4,599	4,599	–	–	–	–
Total	22,127	22,127	21,950	177	-	–	–
2019							
Accounts payable	3,454	3,454	2,506	4	362	582	–
Accruals	8,376	8,376	8,376	–	–	–	–
Salaries and other employee entitlements	3,109	3,109	3,109	–	–	–	–
Total	14,939	14,939	13,991	4	362	582	–

Maturity analysis is presented using the contractual undiscounted cash flows.

The carrying amounts disclosed exclude statutory amounts (for example, GST payables).

The Authority intends to settle the above financial liabilities in line with its contractual obligations.

Notes to the Financial Statements

For the financial year ended 30 June 2020 continued

6.3 Other non-financial assets

	2020 (\$ '000)	2019 (\$ '000)
Prepayments	2,308	1,982
Total current other non-financial assets	2,308	1,982

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

6.4 Other provisions

	2020 (\$ '000)	2019 (\$ '000)
CURRENT PROVISIONS		
Waste site rehabilitation works (i)	53,074	30,000
Site remediation and disposal of chemical stockpile (i)	887	3,255
Total current provisions	53,961	33,255
NON-CURRENT PROVISIONS		
Site remediation and disposal of chemical stockpile (i)	–	37
Site restoration of leasehold improvement (ii)	1,393	1,325
Total non-current provisions	1,393	1,362
Total provisions	55,354	34,617

Notes:

(i) In line with last year's disclosure, the Authority increased its provision associated with site remediation works relating to a commercial site.

(ii) The amounts disclosed are undiscounted amounts.

Other provisions are recognised when the Authority has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision, is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

Waste site rehabilitation works

During 2019, the Authority has used its powers under the *Environment Protection Act 1970* to take over management of a waste stockpile at Lara after the previous operator let the waste grow to dangerous levels. The Authority entered into a three-year large stockpile contract to remediate the site in 2018-19. In 2018-19, the Authority recognised a provision associated with the site remediation works. A further provision has been recognised in 2019-20 based on future costs expected to be incurred.

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

6.4 Other provisions (continued)

Site remediation and disposal of chemical stockpile

The Authority holds chemical stockpiles from two legacy collection programs and is completing remediation works on a contaminated site. Details are as follows:

- 1) Chemicals from the ChemCollect program, a chemical collection program run from 1999 to 2002 under joint agreement between the Commonwealth and the Authority. The estimated cost of disposing of the remaining chemicals as at 30 June 2020 is \$0.37 million (2019: \$2.1 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 prior to 2002. The estimated cost of disposing of these chemicals as at 30 June 2020 is \$0.24 million (2019: \$0.8 million).
- 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 \$0.26 million (2019: \$0.4 million). Refer to contingent assets and liabilities (Note 8.1).

Site restoration of leasehold improvement

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

6.4.1 Reconciliation of movements in other provisions

	WASTE SITE REHABILITATION WORKS (\$ '000)	SITE REMEDIATION AND DISPOSAL OF CHEMICAL STOCKPILE (\$ '000)	SITE RESTORATION OF LEASEHOLD IMPROVEMENT (\$ '000)	TOTAL (\$ '000)
2020				
Opening balance	30,000	3,292	1,325	34,617
Additional provisions recognised	42,063	–	–	42,063
Reduction arising from payments	(18,989)	(1,754)	–	(20,743)
Reduction resulting in re-measurement	–	(651)	–	(651)
Unwind of discount and effect of changes in the discount rate	–	–	68	68
Closing balance	53,074	887	1,393	55,354
2019				
Opening balance	–	4,721	1,214	5,935
Additional provisions recognised	30,000	–	–	30,000
Reduction arising from payments	–	(1,429)	–	(1,429)
Unwind of discount and effect of changes in the discount rate	–	–	111	111
Closing balance	30,000	3,292	1,325	34,617

7. Financing our operations



Introduction

This section provides information on the sources of finance utilised by the Authority during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Authority.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 8.2 and 8.3 provide additional, specific financial instrument disclosures.

Structure

- 7.1 Borrowings
 - 7.1.1 Maturity analysis of borrowings
 - 7.1.2 Interest expense
- 7.2 Cash flow information and balances
 - 7.2.1 Reconciliation of net result to cash flow from operating activities
- 7.3 Trust account balances
- 7.4 Leases
 - 7.4.1 Right of use leases
 - 7.4.2 Motor vehicle leases
- 7.5 Commitments for expenditure
 - 7.5.1 Total commitments payable

7.1 Borrowings

	2020 (\$ '000)	2019 (\$ '000)
CURRENT BORROWINGS		
Lease liabilities (i)	1,257	736
Total current borrowings	1,257	736
NON-CURRENT BORROWINGS		
Lease liabilities (i)	897	1,537
Total non-current borrowings	897	1,537
Total borrowings	2,154	2,273

Note:

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

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

7.1.1 Maturity analysis of borrowings

	CARRYING AMOUNT (\$ '000)	NOMINAL AMOUNT (\$ '000)	MATURITY DATES (\$ '000)				
			LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS - 1 YEAR	1-5 YEARS	5+ YEARS
2020							
Lease liabilities	2,154	2,224	115	145	1,045	919	-
Total	2,154	2,224	115	145	1,045	919	-
2019							
Lease liabilities	2,273	2,374	139	88	570	1,577	-
Total	2,273	2,374	139	88	570	1577	-

7.1.2 Interest expense

	2020 (\$ '000)	2019 (\$ '000)
Interest on leases (i)	403	78
Total interest expense	403	78

Note:

- (i) Interest expense is recognised in the period in which it is incurred. Costs incurred in connection with the borrowing of funds include interest component of lease repayments. Interest includes a component of accommodation lease expenses for the period 1 July to 31 October 2019. Accommodation leases were transferred to the Department of Treasury and Finance on 1 November 2019.

7.2 Cash flow information and balances

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

Due to the state of Victoria's investment policy and government funding arrangements, government departments (including the Authority) generally do not hold a large cash reserve in their bank accounts. Cash received by the Authority from the generation of 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 trade creditors, is made via the Public Account. The process is such that, the Public Account would remit to the Authority the cash required for the amount drawn on the cheques. This remittance by the Public Account occurs upon the presentation of the cheques by the Authority's suppliers or creditors.

The Treasurer approved the establishment of the Central Banking System (CBS) in October 2018.

The Standing Directions 2018 require the Authority to hold deposits in the CBS.

As at 30 June 2020, Deposits held with CBS had a floating interest rate of 0.50%.

	2020 (\$ '000)	2019 (\$ '000)
Cash on hand	13	(44)
Deposits held	8,224	40,079
Balance as per cash flow statement	8,237	40,035

Notes to the Financial Statements

For the financial year ended 30 June 2020 continued

7.2.1 Reconciliation of net result to cash flow from operating activities

	2020 (\$ '000)	2019 (\$ '000)
Net result for the year	(35,722)	(255)
NON-CASH MOVEMENTS		
(Gain)/loss on sale or disposal of non-current assets	(17)	(1,889)
Depreciation and amortisation of non-current assets	10,499	7,867
Gain/(loss) on statutory receivables	1,485	1,957
Movement as a result of implementation of AASB 16	944	–
MOVEMENTS IN ASSETS AND LIABILITIES		
(Increase)/decrease in receivables	(25,844)	(30,150)
(Increase)/decrease in other non-financial assets	(326)	(20)
Increase/(decrease) in payables	7,188	4,530
Increase/(decrease) in provisions	24,259	31,333
Net cash flows from operating activities	(17,534)	13,373

7.3 Trust account balances

The *Environment Protection (Amendment) Act 2006* introduced increased and differential levies on the disposal of PIW to landfill to reflect the level of hazard posed by the different categories of PIW. The Authority utilises the funds for its operational purposes.

7.4 Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or 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 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.

7.4.1 Right of use leases

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

NON-CANCELLABLE LEASE PAYABLES (i)	2020 (\$ '000)	2019 (\$ '000)
Not longer than one year	–	5,416
Longer than one year and not longer than five years	–	796
Longer than five years	–	311
Non-cancellable lease payables	–	6,523

Note:

- (i) The Authority applied AASB 16 with a date of initial application of 1 July 2019, until 31 October 2019. Under the Centralised Accommodation Management agreement, all right of use assets and liabilities were transferred to the Department of Treasury and Finance effective 1 November 2019, as was mandated by the Assistant Treasurer. The value of the assets transferred was \$37.536 million and the value of liabilities was \$37.916 million, the net impact was an increase in contributed capital of \$0.380 million.

7.4.2 Motor vehicle leases

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

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

LEASE LIABILITIES PAYABLE	NOTES	MINIMUM FUTURE LEASE PAYMENTS (i)		PRESENT VALUE OF MINIMUM FUTURE LEASE PAYMENTS	
		2020 (\$ '000)	2019 (\$ '000)	2020 (\$ '000)	2019 (\$ '000)
Not longer than one year		1,308	797	1,257	736
Longer than one year and not longer than five years		919	1,577	897	1,537
Minimum future lease payments		2,227	2,374	2,154	2,273
Less: future finance charges		(73)	(101)	–	–
Present value of minimum lease payments		2,154	2,273	2,154	2,273
Included in the financial statements as:					
Current borrowings lease liabilities	7.1	–	–	1,257	736
Non-current borrowings lease liabilities	7.1	–	–	897	1,537
Total borrowings lease liabilities		–	–	2,154	2,273

Note:

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

7.5 Commitments for expenditure

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

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

7.5.1 Total commitments payable

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

	LESS THAN 1 YEAR (\$ '000)	1-5 YEARS (\$ '000)	5+ YEARS (\$ '000)	TOTAL (\$ '000)
2020				
Capital expenditure	1,122	6,602	–	7,724
Operating	1,902	8,188	–	10,090
Total Commitment (inclusive of GST)	3,024	14,790	–	17,814
Less GST recoverable	274	1,344	–	1,618
Total commitments (exclusive GST)	2,750	13,446	–	16,196
2019				
Capital	272	1,366	–	1,638
Operating	1,484	10,049	–	11,533
Total commitment (inclusive of GST)	1,756	11,415	–	13,171
Less GST recoverable	159	1,038	–	1,197
Total commitments (exclusive GST)	1,597	10,377	–	11,974

8. Risks, contingencies and valuation judgements



Introduction

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

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

Structure

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

8.1 Contingent assets and contingent liabilities

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

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.

These are classified as either quantifiable, where potential economic benefit is known, or non-quantifiable.

There were no contingent assets for the Authority at 30 June 2020.

Contingent liabilities are:

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

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

The Authority has the following non-quantifiable contingent liabilities:

- 1) At 30 June 2020, the Authority has a number of civil litigation matters, for which the Authority may be liable for legal costs if unsuccessful. Due to the diversity of issues associated with these matters and the opportunity for new evidence to be adduced during the court process, it is not possible to reliably quantify the financial effect of litigation and it is therefore impractical to do so.
- 2) The Authority has recognised a liability for works related to a contaminated site (Note 6.4). On completion of the works, the Authority may have a further unquantified obligation, dependent upon subsequent tests and community negotiation. Therefore, quantification of the financial effect, if any, cannot be reliably estimated and it is therefore impractical to do so.

8.2 Financial instruments

Introduction

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

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

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

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

Categories of financial assets under AASB 9

Financial assets at amortised cost

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

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

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

The Authority recognises the following assets in this category:

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

Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, the Authority may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investment is disposed. Movements resulting from impairment and foreign currency changes are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'Other economic flows – other comprehensive income' is transferred to other economic flows in the net result. The Authority recognises investments in equities and managed investment schemes in this category.

8.2 Financial instruments (continued)

Categories of financial liabilities under AASB 9 and previously under AASB 139

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the Authority's own credit risk. In this case, the portion of the change attributable to changes in the Authority's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised.

The Authority recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

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

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2020 continued

8.2.1 Financial risk management categorisation

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

	CATEGORY	NOTE	\$ '000
2020			
CONTRACTUAL FINANCIAL ASSETS			
Cash and cash deposits	Cash and cash deposits	7.2	8,237
Investments in managed fund	Financial asset at fair value through profit and loss	8.3	41,945
Receivables	Contractual financial assets held to maturity	6.1	382
Total contractual financial assets (i)			50,564
CONTRACTUAL FINANCIAL LIABILITIES			
Payables	Financial liabilities at amortised cost	6.2	22,127
Lease liabilities	Financial liabilities at amortised cost	7.1	2,154
Total contractual financial liabilities (ii)			24,281
2019			
CONTRACTUAL FINANCIAL ASSETS			
Cash and cash deposits	Cash and cash deposits	7.2	40,035
Investments in managed fund	Financial asset at fair value through profit and loss	8.3	83,442
Receivables	Contractual financial assets held to maturity	6.1	688
Total contractual financial assets (i)			124,165
CONTRACTUAL FINANCIAL LIABILITIES			
Payables	Financial liabilities at amortised cost	6.2	14,939
Lease liabilities	Financial liabilities at amortised cost	7.1	2,273
Total contractual financial liabilities (ii)			17,212

Notes:

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

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

8.2.2 Net holding gain/loss on financial instruments by category

	NET HOLDING GAIN/(LOSS) (\$ '000)	TOTAL INTEREST INCOME/(EXPENSE) (\$ '000)	TOTAL (\$ '000)
2020			
Financial assets designated at fair value through net result	(3,496)	4,124	628
Total contractual financial assets	(3,496)	4,124	628
2019			
Financial assets designated at fair value through net result	268	3,762	4,030
Total contractual financial assets	268	3,762	4,030

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

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

8.2.3 Financial risk management objectives and policies

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

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 8.3 to the financial statements.

Credit risk

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

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

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

8.2.3 Financial risk management objectives and policies (continued)

Credit quality of financial assets

	FINANCIAL INSTITUTION (TRIPLE-A CREDIT RATING) (\$ '000)	GOVERNMENT AGENCIES (TRIPLE-A CREDIT RATING) (\$ '000)	OTHER AGENCY (MIN. TRIPLE-B CREDIT RATING) (\$ '000)	TOTAL (\$ '000)
FINANCIAL ASSETS				
2020				
Cash and cash deposits	8,237	–	–	8,237
Investments	–	41,945	–	41,945
Receivables:				
Contractual	–	382	–	382
Statutory (net of impairment)	–	82,246	18,812	101,058
Total financial assets	8,237	124,573	18,812	151,622
2019				
Cash and cash deposits	40,035	–	–	40,035
Investments	–	83,442	–	83,442
Receivables:				
Contractual	–	614	74	688
Statutory (net of impairment)	–	60,915	15,479	76,394
Total financial assets	40,035	144,971	15,553	200,559

Liquidity risk

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, makes payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high-quality liquid assets. The Authority's maximum exposure to liquidity risk is equivalent to the carrying amounts of financial liabilities. For disclosure of the contractual maturity analysis for the Authority's financial liabilities refer to Note 6.2.1.

Market risk

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

8.2.3 Financial risk management objectives and policies (continued)

Equity risk

The Authority is exposed to equity price risk through its investment in the Victorian Funds Management Corporation's 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 the Table 'Other price risk sensitivity'.

Equity price risk sensitivity

	CARRYING AMOUNT	EQUITY PRICE	
		-15% MOVEMENT NET RESULT (\$ '000)	+15% MOVEMENT NET RESULT (\$ '000)
2020			
Contractual financial assets:			
Managed investments (i)	41,945	(1,250)	1,250
Total impact	41,945	(1,250)	1,250
2019			
Contractual financial assets:			
Managed investments (i)	83,442	(2,500)	2,500
Total impact	83,442	(2,500)	2,500

Note:

(i) Managed investments include monies deposited with the Victorian Funds Management Corporation in the Capital Stable Fund. This is classified as a non-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 2020 is \$41.945 million (2019 \$83.4 million). The Authority's exposure to equity risk is approximately 20 per cent of the Capital Stable Fund portfolio mix which equates to \$8.4 million (2019 \$16.7 million). Sensitivities to these movements are calculated as follows:

- 2020: \$8.38 million x -0.15 = -\$1.25 million; and \$8.38 million x 0.15 = \$1.25 million
- 2019: \$16.7 million x -0.15 = -\$2.5 million; and \$16.7 million x 0.15 = \$2.5 million

Foreign currency risk

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

Interest rate risk

Exposure to interest rate risk is insignificant and might arise primarily through the Authority's variable rate cash deposits. The Authority's exposure is insignificant due to its policy to minimise risk by mainly undertaking fixed rate investments with relatively even maturity profiles which are managed by Treasury Corporation of Victoria.

Notes to the Financial Statements

For the financial year ended 30 June 2020 continued

8.2.3 Financial risk management objectives and policies (continued)

Interest rate exposure of contractual financial instruments

2020	WEIGHTED AVERAGE INTEREST RATE %	CARRYING AMOUNT (\$ '000)	INTEREST RATE EXPOSURE		
			FIXED INTEREST RATE (\$ '000)	VARIABLE INTEREST RATE (\$ '000)	NON- INTEREST BEARING (\$ '000)
FINANCIAL ASSETS					
Cash and cash deposits	0.50%	8,237	–	–	14
Receivables:					
Trade debtors		382	–	–	382
Total financial assets		8,619	–	–	396
FINANCIAL LIABILITIES					
Payables		22,127	–	–	22,127
Lease liabilities	3.24%	2,154	2,154	–	–
Total financial liabilities		24,281	2,154	–	22,127
2019					
FINANCIAL ASSETS					
Cash and cash deposits	1.65%	40,035	–	–	(44)
Receivables:					
Trade debtors		688	–	–	688
Total financial assets		40,723	–	–	644
FINANCIAL LIABILITIES					
Payables		14,939	–	–	14,939
Lease liabilities	3.24%	2,273	2,273	–	–
Total financial liabilities		17,212	2,273	–	14,939

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 50 basis points up and down (2019: 25 basis points up and down) in market interest rates (AUD) from year-end rates of 0.5 per cent (2019: 1.45 per cent).
- › the Authority's sensitivity to equity price risk has been assessed as a movement of 15 per cent up and down (2019: 15 per cent up and down) in equity prices.

8.2.3 Financial risk management objectives and policies (continued)

Interest rate risk sensitivity

2020	CARRYING AMOUNT (\$ '000)	INTEREST RATE RISK			
		-50 BASIS POINTS		+ 50 BASIS POINTS	
		NET RESULT (\$ '000)	EQUITY (\$ '000)	NET RESULT (\$ '000)	EQUITY (\$ '000)
CONTRACTUAL FINANCIAL ASSETS:					
Cash and cash deposits (i)	8,237	(41)	(41)	41	41
Receivables	382	–	–	–	–
CONTRACTUAL FINANCIAL LIABILITIES:					
Payables	22,127	–	–	–	–
Lease liabilities	2,154	–	–	–	–
Total impact	32,900	(41)	(41)	41	41
2019		- 25 BASIS POINTS		+ 25 BASIS POINTS	
CONTRACTUAL FINANCIAL ASSETS:					
Cash and cash deposits (i)	40,035	(200)	(200)	200	200
Receivables	688	–	–	–	–
CONTRACTUAL FINANCIAL LIABILITIES:					
Payables	14,939	–	–	–	–
Lease liabilities	2,273	–	–	–	–
Total impact	57,935	(200)	(200)	200	200

Note:

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

- 2020: \$8.2 million x -0.005= -\$41,000 and \$8.2 million x +0.005= \$41,000
- 2019: \$40.0 million x -0.005= -\$200,000 and \$40.0 million x +0.005= \$200,000

8.3 Fair value determination

Significant judgement: Fair value measurement of assets and liabilities

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

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

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

Fair value hierarchy

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

8.3 Fair value determination (continued)

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

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

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

How this section is structured

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

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

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

Fair value determination: property, plant and equipment

	CARRYING AMOUNT	FAIR VALUE MEASUREMENT AT THE END OF THE REPORTING PERIOD USING:		
		LEVEL 1 (\$ '000)	LEVEL 2 (\$ '000)	LEVEL 3 (\$ '000)
2020				
Building leasehold improvements	9,476	–	–	9,476
Plant and equipment	5,935	–	–	5,935
Leased motor vehicles	2,142	–	–	2,142
2019				
Building leasehold improvements	7,412	–	–	7,412
Plant and equipment	5,394	–	–	5,394
Leased motor vehicles	2,233	–	–	2,233

Building leasehold improvements

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

Plant and equipment

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

8.3 Fair value determination (continued)

There were no changes in valuation techniques throughout the period 30 June 2020. For all assets measured at fair value, the current use is considered the highest and best use.

Leased motor vehicles

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

Reconciliation of Level 3 fair value movements

	BUILDINGS LEASEHOLD IMPROVEMENTS (\$ '000)	PLANT AND EQUIPMENT (\$ '000)	LEASED MOTOR VEHICLES (\$ '000)
2020			
Opening Balance	7,412	5,394	2,233
Purchases	4,122	2,071	695
Disposals	–	(20)	(325)
Impairment loss charged to net result	–	–	–
Depreciation	(2,058)	(1,510)	(488)
Transfer assets held for sale	–	–	26
Closing balance	9,476	5,935	2,142
2019			
Opening Balance	7,074	5,460	2,248
Purchases	117	1,245	868
Disposals	–	(10)	(328)
Impairment loss charged to net result	1,840	–	–
Depreciation	(1,619)	(1,301)	(496)
Transfer assets held for sale	–	–	(59)
Closing balance	7,412	5,394	2,233

Description of significant unobservable inputs to Level 3 valuations

2020	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS
Buildings leasehold improvements	Current replacement cost	Building costs Useful life of buildings
Plant and equipment	Current replacement cost	Cost per unit Useful life of plant and equipment
Leased motor vehicles	Current replacement cost	Cost per unit Useful life of vehicles

Significant unobservable inputs have remained unchanged since June 2019.

Notes to the Financial Statements

For the financial year ended 30 June 2020 continued

8.3 Fair value determination (continued)

On-balance sheet

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

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

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

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

Financial assets measured at fair value

	CARRYING AMOUNT	FAIR VALUE MEASUREMENT AT THE END OF THE REPORTING PERIOD USING:		
		LEVEL 1 (\$ '000)	LEVEL 2 (\$ '000)	LEVEL 3 (\$ '000)
2020				
CONTRACTUAL FINANCIAL ASSETS				
Managed investments	41,945	–	41,945	–
Total	41,945	–	41,945	–
2019				
CONTRACTUAL FINANCIAL ASSETS				
Managed investments	83,442	–	83,442	–
Total	83,442	–	83,442	–

There have been no transfers between levels during the period.

The fair value of the financial assets 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 \$300.6 million (2019: \$259.7 million). The Authority has potential financial liabilities which may arise from certain contingencies disclosed in Note 8.1

9. Other disclosures



Introduction

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

Structure

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

9.1 Responsible Persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding Responsible Persons for the reporting period.

Names

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

Minister for Energy, Environment and Climate Change:

The Hon. Lily D'Ambrosio MP (1 July 2019 to 30 June 2020)

The new Chairperson Professor Kate Auty commenced on July 1 2020

Responsible Body:

Governing Board comprised:

Cheryl Batagol PSM- Chairperson
(1 July 2019 to 30 June 2020)

Mr Greg Tweedly – Deputy Chairperson
(1 July 2019 to 30 June 2020)

Professor Rebekah Brown
(1 July 2019 to 30 June 2020)

Ms Monique Conheady
(1 July 2019 to 30 June 2020)

Mr Graeme Ford
(1 July 2019 to 30 June 2020)

Dr Ross Pilling
(1 July 2019 to 30 June 2020)

Professor Joan Ozanne-Smith AO
(1 July 2019 to 30 June 2020)

Notes to the Financial Statements

For the financial year ended 30 June 2020 continued

9.1 Responsible Persons (continued)

Accountable Officer:

Dr Cathy Wilkinson
(1 July 2019 to 30 June 2020)

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

Remuneration

Remuneration received or receivable by the Accountable Officer's (Chief Executive Officer) in connection with the management of the Authority during the reporting period was in the range: \$390,000-\$400,000 (2019: \$380,000-\$390,000).

Total remuneration received or due and receivable by the Governing Board from the Authority was in the range of \$330,000-\$340,000 (2019: \$330,000-\$340,000). The ranges of individual Governing Board member remuneration are outlined below.

REMUNERATION	2020	2019
\$0 – \$9,999 (i)	1	1
\$10,000 – \$19,999	–	–
\$20,000 – \$29,999	–	–
\$30,000 – \$39,999	4	6
\$40,000 – \$49,999	1	–
\$50,000 – \$59,999	–	–
\$60,000 – \$69,999	1	–
\$70,000 – \$79,999 (ii)	1	1
\$80,000 – \$89,999	–	–
Total number of Board Members	8	8

Notes:

- (i) This includes the final payment at the start of the financial year for a board member who ceased on the board on 24 June 2019.
- (ii) Prior year comparative updated after incorrectly reported in \$80,000-\$89,999 in the 2018-2019 financial statements.

9.2 Remuneration of executives

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

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

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

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

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

9.2 Remuneration of executives (continued)

REMUNERATION	2020 (\$ '000)	2019 (\$ '000)
Salaries and other short-term employee benefits	4,129	3,148
Post-employment benefits	353	270
Other long-term employment benefits	110	79
Total remuneration	4,592	3,497
Total number of executives (i)	20	18
Total annualised employee equivalents (ii)	19.6	14.5

Notes:

- (i) This includes six Executive Directors reporting directly to the Chief Executive Officer, which is consistent with 2018-19. The 2019-2020 increase relates to the full yearly cost of additional executive level positions to support the organisational requirements of the *'Bringing our Environment Protection Authority into the modern era'* initiative, of which four executive level positions are leading the Authority's transformation program.
- (ii) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

9.3 Related parties

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

Related parties of the Authority include:

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

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

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

REMUNERATION	2020 (\$ '000)	2019 (\$ '000)
Salaries and other short-term employee benefits	2,463	2,046
Post-employment benefits	187	158
Other long-term employment benefits	55	46
Total (i)	2,705	2,250

Note:

- (i) 2019 comparatives have been updated to remove the annual and long service accruals incorrectly included for board members who do not receive these benefits.

Transactions with key management personnel and other related parties

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2020 continued

9.3 Related parties (continued)

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

Significant transactions with government-related parties

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

	2020 (\$ '000)	2019 (\$ '000)
RECEIPTS		
Amounts recognised as income in the comprehensive operating statement. Grants from the Department of Environment, Land, Water and Planning and reform funding for the operations of the Authority (i)	129,602	115,656
Amounts transferred during the year and recognised as a capital contribution in the balance sheet	380	–
	129,982	115,656
PAYMENTS		
Specific purpose grants paid to Victorian Government entities	793	5,342
	793	5,342

Note:

- (i) 2019 comparative has been updated to reflect government receivable in respect to site remediation works. This has been updated to ensure comparatives are accurate in the 2019-20 financial statements.

The Authority administers or manages other activities on behalf of the state (Note 4.2). During the year, the Authority had the following administered transactions with government-related entities: \$233.44 million (2019: \$238.14 million) collected and passed onto the Department from M&I Landfill levy. In addition, the Authority made payments of \$16.6 million (2019: \$17.63 million) into the consolidated fund for other administered (non-controlled) items.

9.4 Remuneration of auditors

	2020 (\$ '000)	2019 (\$ '000)
VICTORIAN AUDITOR-GENERAL'S OFFICE		
Audit or review of the financial statements	60	58
Total remuneration of auditors	60	58

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

	2020 (\$ '000)	2019 (\$ '000)
Leased vehicles held-for-sale (i) – opening balance	26	–
Assets identified for disposal during the year	–	26
Asset disposals	(26)	–
Total non-financial assets classified as held-for-sale	–	26

Note:

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

9.5 Non-financial assets classified as held-for-sale (continued)

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

Non-financial assets, disposal groups and related liabilities are treated as current and classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed within 12 months from the date of classification.

9.6 Reserves

	2020 (\$ '000)	2019 (\$ '000)
PHYSICAL ASSET REVALUATION SURPLUS (i)		
Balance at beginning of financial year	3,683	3,683
Balance at end of financial year	3,683	3,683

Note:

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

9.7 Other economic flows included in net result

	2020 (\$ '000)	2019 (\$ '000)
(A) NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS		
Reversal/(Impairment) of property, plant and equipment	-	1,840
Net gain/(loss) on disposal of property, plant and equipment	17	49
Total net gain/(loss) on non-financial assets	17	1,889
(B) NET GAIN/(LOSS) ON STATUTORY RECEIVABLES		
Impairment of statutory receivables	(1,485)	(1,957)
Total net gain/(loss) on statutory receivables	(1,485)	(1,957)
(C) NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS		
Net gain/loss on financial instruments	(3,496)	268
Total net gain/(loss) on financial instruments	(3,496)	268
(D) OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS		
Net gain/(loss) arising from revaluation of long service leave liability (i)	(174)	78
Unwinding of provisions	(135)	(110)
Total other gains/(losses) from other economic flows	(309)	(32)

Note:

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

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

9.7 Other economic flows included in net result (continued)

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

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

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

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

Net revaluation decreases are recognised 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 derecognition of the relevant asset.

Disposal of non-financial assets

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

Other gains/(losses) from other economic flows

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

9.8 Subsequent events**Impact of COVID-19**

The State of Victoria has introduced more restrictions post balancing date in response to the 'second wave' of Coronavirus pandemic. The measures implemented included stricter limitations on the operation of businesses in Victoria. The Authority has assessed that these restrictions are likely to have a financial impact on its operations. The tighter restrictions have resulted in the closure of businesses and further reductions in commercial activities, which may directly or indirectly impact on its operations.

With the stricter limitations on business operations The Authority anticipates a decline in waste tonnages from industry, directly impacting its income derived from the Prescribed Industrial Waste levy. As The Authority has no reliable way to measure the impact across industry, the revenue impact is not quantifiable. The Supporting Victorian Businesses On Our Road to COVID Normal announcement on 13 September 2020 delaying the increase of landfill levies for Prescribed Industrial Waste is anticipated to have a further direct impact on The Authority's revenue.

As part of its response to the coronavirus pandemic the State government deferred the implementation of the *Environment Protection Amendment Act 2018* until July 2021, this deferral has resulted in elongation costs for the Authority's 'Bringing our Environment Protection Authority into the modern era' initiative to support a delayed go-live.

9.8 Subsequent events (continued)

Treasurer's Advance for High Risk Waste Sites

In August 2020, the Authority received confirmation that the Department of Treasury and Finance will provide funding to begin action at three high-risk waste sites to address significant risks to human health and the environment.

9.9 Ex gratia expenses

The Authority wrote-off a number of litter fines during the course of the year in accordance with its Litter Fine Write-off Policy. The total amount of write-offs for the year was \$1.23 million (2019: \$1.5 million).

9.10 Changes in accounting policies

9.10.1 Leases

This note explains the impact of the adoption of AASB 16 Leases on the Authority's financial statements.

The Authority applied AASB 16 with a date of initial application of 1 July 2019 until the 31 October 2019. Under the Centralised Accommodation Management agreement, all right of use assets and liabilities were transferred to the Department of Treasury and Finance effective 1 November 2019, as was mandated by the Assistant Treasurer. The transfer of the right of use assets and liabilities were accounted for under *FRD 119A Transfers through contributed capital under the Financial Management Act 1994*.

Initial recognition of Right of Use building on 1 July 2020 was \$39.3m which included lease options that were expected to be exercised as per AASB 116. Lease commitments on 30 June 2019 of \$6.5m under AASB 117 do not include these options, this agrees to the initial recognition of \$39.3m on commencement of the new standards.

	2020 (\$ '000)
ASSETS	
Right of Use buildings	39,351
Right of Use Building-Accumulated Depreciation	(1,815)
LIABILITIES	
Right of Use Lease Liability-current	(4,194)
Right of Use Lease Liability-at amortised cost-non-current	(33,722)
Net assets/Net liabilities	(380)
EQUITY	
Equity transfer to other government entities (Fixed assets)	(380)

9.10.2 Income of Not for Profit Entities

In accordance with FRD 122 requirements, the Authority has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Authority applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application. The Authority has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

Note 2.1 *Summary of income that funds the delivery of our services and transformation initiatives* includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on the financial statements for the financial year.

The adoption of AASB 15 did not have an impact on the financial statements for the financial year.

Impact on balance sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards at 1 July 2019:

BALANCE SHEET	BEFORE NEW ACCOUNTING STANDARDS OPENING 1 JULY 2019 (\$ '000)	IMPACT OF NEW ACCOUNTING STANDARDS – AASB 16, 15 AND 1058 (\$ '000)	AFTER NEW ACCOUNTING STANDARDS OPENING 1 JULY 2019 (\$ '000)
Total financial assets	200,559	–	200,559
Total non-financial assets	43,273	–	43,273
Total assets	243,832	–	243,832
Payables and contract liabilities	14,939	–	14,939
Borrowings	2,273	–	2,273
Other liabilities	49,750	–	49,750
Total liabilities	67,906	(944)	66,962
Accumulated surplus/(deficit)	168,882	944	169,826
Physical revaluation surplus	3,683	–	3,683
Other items in equity	3,361	–	3,361
Total equity	175,926	944	176,870

9.11 Australian Accounting Standards issued that are not yet effective

Issued but not yet effective Australian accounting and reporting pronouncements

Certain new Australian Accounting Standards have been published that are not mandatory for the 30 June 2020 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 is provided to assist entities in updating their disclosure in relation to the Australian accounting standards that are issued but not yet effective for 2019-20 in accordance with paragraph 30 of AASB 108.

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON THE AUTHORITY'S FINANCIAL STATEMENTS
AASB 17 <i>Insurance Contracts</i>	The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard currently does not apply to the not-for-profit public sector entities.	1 January 2021	The Standard does not apply to not-for-profit public sector entities.
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	The standard is not expected to have a significant impact on the Authority.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023	The standard is not expected to have a significant impact on the Authority.

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

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- › AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business.*
- › AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework.*
- › AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.*
- › AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*
- › AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements.*
- › AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*
- › AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*

9.12 Glossary of technical terms

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

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

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

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

Employee benefits expenses: Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

Financial asset: A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
 - (i) to receive cash or another financial asset from another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

9.12 Glossary of technical terms (continued)

Financial instrument: A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability: A financial liability is any liability that is:

- (a) a contractual or statutory obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial statements: A complete set of financial statements comprises:

- (a) a comprehensive operating statement for the period
- (b) a balance sheet as at the end of the period
- (c) a statement of changes in equity for the period
- (d) a statement of cash flow for the period
- (e) notes, comprising a summary of significant accounting policies and other explanatory information
- (f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of financial statements*
- (g) a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statement, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

Grants and other transfers: Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

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

Intangible assets: Intangible assets represent identifiable non-monetary assets without physical substance.

Interest expense: Costs incurred in connection with the borrowing of funds include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of lease repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income: Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

9.12 Glossary of technical terms (continued)

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

Net result: Net result is a measure of financial performance of the operations for the period. It is the net result of items of 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 may include land, buildings infrastructure, plant and equipment and intangible assets.

Other economic flows: Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. These include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

Payables: Includes short and long-term trade debt, trade creditors, grants and interest payable.

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

Sales of goods and services: Refers to 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 and 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 (for example, assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.



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