



Environment Protection Authority Victoria

# Annual report of operations

**2022–23**





## Declaration

In accordance with the *Financial Management Act 1994*, we are pleased to present Environment Protection Authority Victoria's annual report of operations for the year ending 30 June 2023.

### Professor Kate Auty

Chair  
Environment Protection Authority Victoria  
Governing Board

Responsible Body

12 October 2023

### Lee Miezis PSM

Chief Executive Officer  
Environment Protection Authority Victoria

Accountable Officer

12 October 2023

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## Financial management compliance attestation statement

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

### Professor Kate Auty

Chair  
Environment Protection Authority Victoria Governing Board



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.

Environment Protection Authority Victoria

# Annual report of operations

2022–23

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# About EPA

Established in 1971, Environment Protection Authority Victoria (EPA) is the state's independent environmental regulator under the *Environment Protection Act 2017*.

EPA is a statutory authority, with a Governing Board appointed by the Governor-in-Council on the recommendation of the Minister for Environment.

EPA is responsible for preventing the harmful effects of pollution and waste on Victorian communities and the environment.

In fulfilling its role, EPA draws on its scientific and regulatory expertise, working with community, governments, businesses and industry.

During the 2022–23 financial year, EPA was part of the Environment and Climate Action portfolio responsible to the Hon Lily D'Ambrosio MP, Minister for Environment and Climate Action, for the period 1 July 2022 to 4 December 2022 and part of the Environment portfolio responsible to Ingrid Stitt MP, Minister for Environment, for the period 5 December 2022 to 30 June 2023.

## Our purpose

To protect the health of our communities and environment.

## The outcomes we seek to achieve

Our 2022–27 Strategic Plan identifies the outcomes that EPA seeks to achieve:

1. Our environment is cleaner and communities are healthier.
2. All Victorians reduce their environmental risks.
3. We have impact and influence.

## Our values

Every member of the EPA team, in all aspects of our work, lives the organisational values of:

- Integrity – we do the right things and encourage others to do the same
- Courage – we're empowered to step up to our purpose
- Connection – we're unified, inclusive, transparent and open
- Excellence – doing the very best we can is our priority
- Tenacity – we're focused, determined and accountable.

We also model the Victorian Public Sector values of responsiveness, impartiality, accountability, respect, leadership and human rights.

## Our functions

Under section 358 of the Environment Protection Act, EPA's functions include the following:

- Monitor and assess environmental quality.
- Identify, assess and monitor risks of harm to human health and the environment.
- Respond to harm and risks of harm to human health and the environment.
- Identify and respond to opportunities to:
  - eliminate or reduce risks of harm to human health and the environment
  - improve environmental quality.
- Provide advice and recommendations to the Minister in relation to the human health and the environment, including but not limited to, the making of subordinate legislation and environmental reference standards.
- Liaise and collaborate with Commonwealth, state, territory and local governments for the purposes of achieving the objectives of EPA.
- Provide information and education to the Victorian community in relation to:
  - environmental quality
  - risks of harm to human health and the environment
  - environmental best practice and improvements.
- Promote the prevention of harm and the elimination and reduction of risks of harm to human health and the environment from pollution and waste.
- Administer the provisions of the Act and the regulations relating to permissions.
- Administer the provisions of the Act relating to waste and pursue objectives to:
  - minimise litter and waste disposal by encouraging the management of waste in accordance with the waste management hierarchy
  - promote waste reduction, resource recovery and resource efficiency
  - minimise the impact on human health and the environment from waste generation and waste disposal.
- Monitor and review the performance of EPA's functions and duties.
- Promote, monitor and enforce compliance with the Act.
- Perform other functions conferred on EPA under the Act or any other act.

# Chair's report



I take great pride in being involved in the important work that EPA does.



As we mark the first year of EPA's 2022–27 Strategic Plan, I commend the efforts of EPA staff as they work with communities, businesses and governments to prevent and reduce the harmful effects of pollution and waste on our communities and environment.

I take great pride in being involved in the important work that EPA does, witnessing firsthand the commitment and dedication that staff bring to their role as an independent and science-based regulator, and as the Environment Protection Act is embedded across Victoria.

As our population continues to grow and change, it's more important than ever that we have the right regulatory systems and tools in place to protect our environment and the people who live in it. EPA's preventative approach includes a focus on information sharing and building understanding – particularly when it comes to ensuring industry and community comply with their environment protection obligations. After all, the environment is everybody's business.

Earlier this year the Governing Board recommenced regional visits that had been on hold since the start of the COVID-19

pandemic. We travelled to Ballarat and Geelong and met with a range of community, industry and government representatives to share information on what EPA is doing statewide and locally; hearing about the issues and topics that matter to them most. We also visited key sites to better understand place-based priorities, and it was great to catch up with local EPA staff and see their impressive on-ground work.

The Governing Board intends including regional visits as a standard feature in its annual schedule, with the next event in Gippsland in planning.

It's always an honour to strengthen relationships with Traditional Owners – the Traditional Custodians of the land and water on which we live, work and depend. EPA held its inaugural Traditional Owners Forum this year, which focused on working together to protect and heal country. Staff and First Nations organisations from across Victoria spent time on Dja Dja Wurrung Country sharing, listening and learning from each other. I look forward to future events as we continue to build meaningful partnerships between EPA and Traditional Owners.

We also strengthened our connections with the scientific community, hosting an inaugural cross-jurisdictional science symposium at the Melbourne Museum attended by more than 65 delegates from Australia and New Zealand. Delegates shared knowledge and expertise across a range of issues and we expect to see the value of such collaborations continue for many years to come. Science is central to our regulatory approach at EPA.

These are just some of the many highlights at EPA this year. I would like to thank my fellow Governing Board members for their ongoing commitment. I am privileged to work with such dedicated professionals.

I particularly want to acknowledge outgoing Governing Board member Mr Graeme Ford, whose term concluded 30 June 2023. Graeme's valuable contribution has helped shape EPA into a modern regulator, and I would like to personally thank him for his dedication and support of myself, other Governing Board members and EPA.

In farewelling Graeme, we warmly welcome the newest member of the EPA Governing Board, Mr Jonathan Halaliku, whose term commenced 25 July 2023. I look forward to Jonathan making a significant contribution to the organisation.

Thanks also to the members of the Risk and Audit Committee and our Science, Health and Engineering Advisory Committee, all of whom continue to provide EPA with excellent advice in their fields of expertise.

After more than a decade as an external member and Chair Mr Rob Hogarth retired from the Risk and Audit Committee this year. I thank Rob for his contribution and welcome incoming external Chair, Mr Peter Lewinsky. Governing Board member Dr Catherine Lopes has also joined the Risk and Audit Committee, replacing Mr Graeme Ford.

Lastly, my thanks and appreciation to all staff at EPA – particularly CEO Lee Mieziš – for their continuing work ensuring EPA continues to deliver and grow as Victoria's environmental regulator.

## Professor Kate Auty

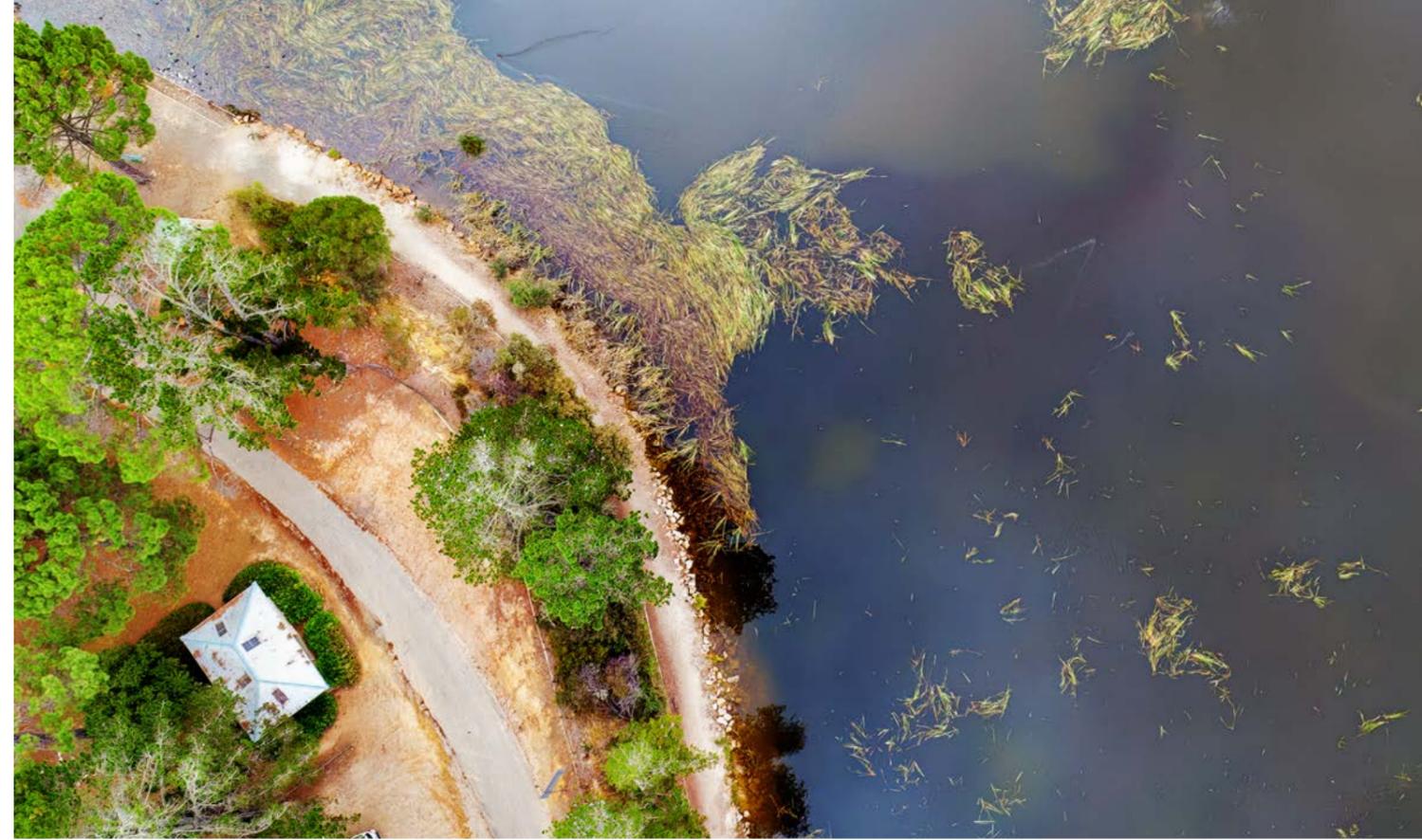
Chair  
Environment Protection Authority Victoria  
Governing Board

12 October 2023

# Chief Executive Officer's report



As I reflect on 2022–23, I am struck by how much we achieved at EPA.



Our priorities for the year, outlined in our [Annual Delivery Plan 2022–23](#) were ambitious and focused on delivering the outcomes for our community and environment outlined in our [2022–27 Strategic Plan](#).

We made excellent progress in achieving our annual objectives, which were to:

- make Victorians aware of their responsibilities to prevent harm to human health and the environment
- target priority risks of harm so our efforts are optimised to make the biggest difference
- integrate environmental public health into everything we do
- strengthen our culture and capability to achieve organisational excellence.

We achieved 9 key results aligned to these objectives, with 4 continuing into 2023–24.

We also met or exceeded targets for 10 of 11 performance measures for the regulatory services we deliver.

We received more than 27,000 pollution reports from the community in 2022–23, an increase of 40% on the previous year. We responded to 100% of priority waste incidents within a day of notification and provided technical advice to lead agencies during emergency incidents within allocated times 100% of the time. These results reflect our continued focus on process and system improvement.

Importantly we prioritised effective engagement with both communities and industries while achieving these outcomes, reflecting a shared responsibility in protecting our communities and environment from the harmful effects of pollution and waste.

Over the past 12 months we've formed consultation groups for the waste and recycling; water; resources, energy and extraction; agriculture; and small business

and manufacturing sectors. We've also established place-based community forums in each of our 7 regions – to share information about local issues and solutions to pollution and waste. These formal engagement mechanisms support an organisation-wide commitment to more timely and meaningful engagement with Victorians. To date 88% of EPA staff have received community engagement training so we can realise this goal.

Our citizen science program, GardenSafe, provides people with crucial information about the quality of the soil in their own backyards, so they can act if contamination is found. More than 2,000 Victorian households accepted our invitation to send soil samples from their garden to EPA for scientific screening and analysis.

During the October 2022 floods, EPA provided expert advice and support to the community on flood-related matters, collecting soil samples

from flood-affected areas to assist residents in their clean-up efforts and providing regulatory advice in relation to the disposal of flood-affected materials.

We published guidance and other materials to assist businesses to understand and comply with their obligations and duties under the Environment Protection Act, equipping them with necessary knowledge to prevent environmental harm. Our most recent survey results show 97% of duty holders say they now understand their role in environmental protection – an increase of 27% on the previous year.

Education is only part of our role. We also hold polluters to account when they don't comply with our environmental laws. In 2022–23, EPA officers undertook more than 5,000 inspections and issued 1,252 regulatory notices – directing businesses to take action to protect human health and the environment.



Prevention of harm is at the core of the Environment Protection Act and was unsurprisingly a key focus in 2022–23.

EPA came before the courts in 193 civil and criminal matters in 2022–23, completing 98 of these. We were successful in more than 90% of the matters concluded.

Prevention of harm is at the core of the Environment Protection Act and was, unsurprisingly, a key focus in 2022–23. We identified priority risks of harm to our communities and environment, including emissions from large industrial activities, discharges to waterways from water treatment plants, fires at waste and resource recovery facilities, and poor waste and stormwater management at small industry in urban areas. We carried out more than 500 preventative inspections of businesses to assess the effectiveness of their management controls in minimising these priority risks.

EPA's hardworking staff are the key to our success. Through capability uplift programs and a focus on workplace culture and safety and wellbeing, we put our people first. We have made a concerted effort to strengthen our capabilities to ensure we deliver the things that matter.

Our commitment to safety and wellbeing is paramount. Lost time injury frequency rates and worker compensation claim rates continued to fall in 2022–23, while reporting of near miss incidents increased – indicating a stronger safety culture across the organisation. Our Health, Safety and Wellbeing Committee was active throughout the year. We delivered a significant project on occupational violence and aggression (OVA) to identify, assess and implement strategies to reduce OVA risks to our workforce, recognising the difficult regulatory work we undertake. The project made 48 recommendations which are being implemented, overseen by a dedicated OVA working group.

In 2022–23, we also prioritised the implementation of our Culture Action Plans and Gender Equality Action Plan. Our twice-yearly pulse surveys tell us that our focus is having a positive impact. Employee satisfaction and wellbeing increased by 7% and 3% respectively and the number of those who'd recommend EPA as a great place to work rose to 70% from 60%.

These are encouraging signs less than 2 years after a significant change to our operating model.

We celebrate our success and the diversity that exists in our workplace. Our Monday morning 'shout outs' recognise colleagues that exemplify our values and our employee-led networks such as PRIDE have contributed to EPA's richness. We are creating an environment where every employee can feel valued and secure in bringing their whole selves to work, allowing us to better serve all Victorians.

Technical training has continued throughout the year. This has included training in defensive driving, media, infringements, permissioning, asbestos awareness, dangerous goods, fire science, freshwater sampling and air, odour and dust. External to EPA, our staff supported capability development for litter enforcement officers and local government officers who deal with residential noise.

Our Regulatory Learning and Development team delivered a comprehensive program of Authorised Officer training to 56 new staff. We currently have 244 Authorised Officers at EPA, the most the organisation has ever had.

It has been a pleasure and a privilege to lead EPA during this time. I would like to thank staff for the dedication and commitment they have shown in delivering these results and making EPA a special place to work. I also want to thank our Chair, Professor Kate Auty, and members of the Governing Board for their leadership and support.

Please take the time to enjoy the video documenting our biggest stories and organisational highlights for 2022–23. It is available on our website at [epa.vic.gov.au](http://epa.vic.gov.au).

### Lee Miezis PSM

Chief Executive Officer  
Environment Protection Authority Victoria

12 October 2023

# Annual Delivery Plan performance summary

EPA's Annual Delivery Plan 2022–23 describes what we aimed to deliver during the financial year. It is aligned to our 2022–27 Strategic Plan and details how we achieve our strategic outcomes.

The Annual Delivery Plan defines our objectives and key results, priority projects and core services. The Annual Delivery Plan was reviewed quarterly, taking into account changes in our operating environment to ensure we remained focused on the right priorities, and that we were doing our best to protect the health of our communities and environment.

This section provides a summary of our performance against the Annual Delivery Plan 2022–23.

## Objectives and key results

EPA set 4 objectives and 14 associated key results for 2022–23 and achieved or made excellent progress towards achievement of 9 key results. Progress was made against 4 key results and will continue into 2023–24 as a priority project or improvement. Reporting against one key result was not established.

## Priority projects

The Annual Delivery Plan 2022–23 detailed 40 priority projects for delivery against our 5-year outcomes defined in the 2022–27 Strategic Plan. At 30 June 2023, 20 projects were complete, 14 projects were on track, 2 projects were on watch, 2 projects were on hold (and will recommence in 2023–24) and 2 projects were consolidated into other priority projects for delivery. Projects that weren't completed in 2022–23 are scheduled to be finalised in the first half of 2023–24.

## Regulatory activity

The Annual Delivery Plan 2022–23 details EPA's regulatory services. Key statistical information about our regulatory activity is provided.

Table 1  
Compliance and enforcement activities

	Notes	2022–23	2021–22	2020–21	2019–20	2018–19	2017–18	2016–17
<b>Inspections</b>	1	5,412	4,055	2,595	2,882	2,782	2,263	1,843
<b>Notice type</b>	2							
Pollution abatement notices		-	-	487	505	467	392	273
Clean up notices		-	-	282	231	196	180	153
Minor works pollution abatement notices		-	-	96	72	68	60	53
<b>Notice type</b>	3							
Directions		13	2	-	-	-	-	-
Environmental action notices		346	295	-	-	-	-	-
Improvement notices		728	600	-	-	-	-	-
Non-disturbance notices		4	7	-	-	-	-	-
Notice to investigate		83	88	-	-	-	-	-
Prohibition notices		47	47	-	-	-	-	-
Site management orders		25	-	-	-	-	-	-
Waste abatement notices		6	16	-	-	-	-	-
<b>Prosecutions completed</b>	4	40	21	22	29	23	22	11
<b>Official warnings</b>		150	69	167	165	150	109	99
<b>Infringement notices</b>	5	86	46	71	58	82	81	109
<b>Environmental audits completed</b>	6	217	151	205	210	207	173	194



Table 1 continued  
Compliance and enforcement activities

	Notes	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
<b>Vehicle</b>								
Noisy vehicle notices		4,841	3,994	1,152	466	892	1,676	966
Smoky vehicle advisory letters		2,395	264	559	1,007	1,154	1,617	1,744
Infringement notices	7	1,227	975	543	30	338	64	12
<b>Litter</b>								
Infringement notices	8	7,714	6,836	8,501	13,637	13,236	12,165	12,984

**Notes:**

EPA's compliance and enforcement activities are influenced by pollution reports received from the community. In some instances pollution reports are transferred to other organisations such as local government for further investigation. Multiple pollution reports may also contribute to the same compliance and enforcement activity.

1. A count of total inspections completed and paperwork filed.
2. Count of issued notices by type and financial year prior to the introduction of the new Act on 1 July 2021.
3. Count of issued notices by type and financial year since the introduction of the new Act on 1 July 2021.

4. Indictable prosecutions.
5. Infringement notices (environmental).
6. These figures are based on the completion date as signed by the environmental auditor. Note in relation to environmental audits, this figure includes section 53V and 53X audits completed in 2021-22 under the *Environment Protection Act 1970* and section 208 audits under the *Environment Protection Act 2017*. Seventeen preliminary risk screen assessments and 134 environmental audits completed.
7. Infringement notices (vehicle).
8. Infringement notices (litter).

Table 2  
Permissioning activities

	Notes	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Development licences	1	22	11	19	16	21	17	18
Development licence exemption	2	35	40	51	38	32	33	23
Operating licences	3	88	59	49	79	79	83	64

**Notes:**

1. Development licences for 2021-22 and onwards. Works approvals for 2020-21 and earlier. Decision made in 2020-21 and earlier are Development licence transaction types only. From July 2021 this includes amendments and transfers, but these make up a small proportion of assessments.
2. Development licences exemption (2021-22 and onwards). Applications exempt from the need for approval (2020-21 and earlier). Development licence exemptions excludes operating licence exemptions and permit exemptions.
3. Operating Licences New issues/amendments/transfers (2021-22 and onwards). Licences new issues/ amended/transferred (2020-21 and earlier). Operating licence transactions excludes administrative amendments and surrenders.

Table 3  
Land use planning and assessment activities

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Planning matters advised on	820	820	779	929	1,020	807	757





## Performance targets

EPA used State Budget Paper No. 3 (BP3) output performance measures to monitor the delivery of the Annual Delivery Plan 2022–23.

In 2022–23, EPA had 11 BP3 output performance measures and targets. At 30 June 2023, EPA had met or exceeded 10 of these targets.

EPA was able to respond to 55% of pollution reporters within 3 working days. This fell short of our 75% target due to an increased number of pollution reports (over 30% more than in 2021–22) resulting in delays in contacting reporters.

Process improvements to enable faster response times are being implemented in 2023–24.

Table 4  
Budget Paper No. 3 performance measures

Measures	Note	2022–23 target	2022–23 actual
<b>Quantitative measures</b>			
Inspections that assess premises whose operations could represent a significant risk to the environment and human health	1	360–400	516
Environment condition notifications provided to Victorians	2	>800	995
<b>Qualitative measures</b>			
Community and duty holder trust in EPA		70%	67%

## Timeliness measures

Environmental audits and preliminary risk screening assessment reports are reviewed to ensure administrative compliance with legislation and guidelines within 14 days of submission		80%	83%
EPA confirms duty holder compliance with remedial notice requirements, or escalates for further action, within 14 days of the compliance due date		80%	82%
Pollution reporters requesting follow-up by EPA receive contact within 3 working days	3	75%	55%
Applications for licences, permits and registrations completed within statutory timelines	4	70%	89%
Planning matters responded to within agreed timeframes	5	65%	96%
Applications for internal review of remedial notices completed within statutory timeframes		100%	100%
EPA provides technical advice to lead agencies within agreed timelines during emergency incidents	6	90%	100%
EPA responds to priority waste incidents within one day of notification	7	90%	100%

### Notes:

- The result is higher than the target due to efficiencies realised through establishment of a preventative inspections program in 2022–23 and increased staff familiarity with new systems, legislation and ways of working, reducing the time it takes to complete inspection-related activities.
- The result is higher than the target due to an increase in notifications in response to Victorian flooding events in late 2022 and the implementation of a new notification strategy.
- The result is below the target due to an increased number of pollution reports (over 30% more compared to this time last year) resulting in delays in contacting pollution reporters. Process improvements to enable faster response times are being implemented this financial year to achieve performance improvement in 2023–24.
- The result is higher than target due to a large number of registrations.
- The result is higher than target due to EPA providing streamlined advice on low risk matters.
- The result is higher than the target due to EPA prioritising the provision of timely technical advice to lead agencies during emergency incidents and reflects a continued focus on process and system improvement.
- The result is higher than the target due to EPA prioritising response to priority waste incidents within one day of notification and reflects a continued focus on process and system improvement.

## Statement of Expectations

The Annual Delivery Plan 2022–23 also prioritises the delivery of the outcomes and outputs in the Statement of Expectations issued to EPA by the responsible minister.

The Statement of Expectations has 18 outputs and outcomes. At 30 June 2023, 14 of these are complete, with the remaining on track and ongoing.

Table 5

### EPA Statement of Expectations 2022–23

Theme	Output or outcome	Due by	Status
1. Duty holder transition	Develop and deliver plan for proactive engagement of priority stakeholders	February 2022	Plan–complete Delivery–ongoing
	Proactively monitor and manage transition and readiness issues	Ongoing	-
	Develop and deliver readiness plan for provisions commencing 1 July 2022	February 2022	Complete
2. Finalising legislative reform	Develop a plan, in consultation with Department of Energy, Environment and Climate Action (DEECA), for priority 2021–23 legislative instrument delivery	September 2021	Complete
	Develop a plan, in consultation with DEECA, to operationalise priority tools available in the Act. (e.g better environment plans, site management orders, financial assurance etc.)	End November 2021	Complete
3. Strategic planning, reporting and budget	Outline plan for development and delivery of the new 5-year Strategic Plan, including engagement with the Minister and DEECA	End October 2021	Complete
	In consultation with DEECA deliver a balanced budget aligned to the new 5-year Strategic Plan	August 2022	Complete
	Engage with the Minister and DEECA and other key stakeholders in development of strategy for July 2022	From November 2021	Complete
	Deliver strategy and engage in accordance with annual budget and planning cycle	July 2022	Complete

### EPA Statement of Expectations 2022–23

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



# Pollution reports

EPA experienced a 38% increase in total pollution reports in 2022–23 compared with the previous financial year, with more than 27,000 reports from the community recorded. We also received reports related to emergencies and pollution notifications from businesses.

Table 6  
Total pollution reports

	2022–23	2021–22	2020–21	2019–20	2018–19	2017–18	2016–17
Pollution reports from community	27,657	19,757	18,121	13,354	11,539	13,244	10,577
Emergency reports	238	245	204	163	199	168	195
Business notifications	1,486	1,313	1,691	1,751	1,833	1,880	647
<b>Total</b>	<b>29,381</b>	<b>21,315</b>	<b>20,016</b>	<b>15,268</b>	<b>13,571</b>	<b>15,292</b>	<b>11,419</b>

Table 7  
Total pollution reports by environmental segment

	2022–23	2021–22	2020–21	Year-on-year variance	Notes
Banned products	107	14	12	-	New environmental segment included on 20 March 2023; was previously captured under waste
Dust	1,040	925	849	12% increase	
Noise	7,973	6,585	5,404	21% increase	
With odour	10,952	4,796	5,101	128% increase	
Smoke	1,460	1,574	1,513	7% decrease	
Waste	4,006	3,171*	2,917*	28% increase	*Previous waste total minus banned products
Water	2,114	2,692	2,322	21% decrease	

Table 8  
Total pollution reports by region 2022–23

	Gippsland	North East Victoria	North West Victoria	North Metropolitan Melbourne	South West Victoria	South Metropolitan Melbourne	West Metropolitan Melbourne	Total
Banned products	0	1	2	10	5	9	13	<b>40</b>
Dust	64	63	64	155	115	203	376	<b>1,040</b>
Noise	235	357	682	1,799	441	2,008	2,451	<b>7,973</b>
Odour	339	666	129	982	280	6,628	1,928	<b>10,952</b>
Smoke	119	109	81	339	157	282	373	<b>1,460</b>
Waste	216	272	299	1,017	472	1,017	785	<b>4,078</b>
Water	144	127	158	569	253	448	415	<b>2,114</b>
Emergency reports	8	19	23	48	25	49	66	<b>238</b>
Permission notifications	146	349	181	168	244	216	182	<b>1,486</b>
<b>Total</b>	<b>1,271</b>	<b>1,963</b>	<b>1,619</b>	<b>5,087</b>	<b>1,992</b>	<b>10,860</b>	<b>6,589</b>	<b>29,381</b>

# Financial performance summary

Table 9  
EPA (controlled) 5-year financial summary (\$000)

	2022–23	2021–22	2020–21 <sup>1</sup>	2019–20 <sup>1</sup>	2018–19
Total income from transactions	196,328	170,931	218,250	186,641	176,727
Total expenses from transactions	(189,595)	(163,994)	(218,632)	(220,536)	(177,150)
Net result from transactions	6,733	6,937	(382)	(33,895)	(423)
Comprehensive result	4,227	3,884	(1,408)	(39,168)	(255)
Net cash flow from operating activities	(12,237)	12,633	8,142	(17,534)	13,373
<b>Total assets</b>	<b>163,931</b>	<b>187,050</b>	<b>232,874</b>	<b>219,427</b>	<b>243,832</b>
<b>Total liabilities</b>	<b>37,035</b>	<b>64,381</b>	<b>114,089</b>	<b>99,234</b>	<b>67,906</b>
<b>Net assets</b>	<b>126,896</b>	<b>122,669</b>	<b>118,785</b>	<b>120,193</b>	<b>175,926</b>

Note:

- EPA previously capitalised Software-as-a-Service (SaaS) intangible assets. EPA changed its accounting policy in 2022 to expense SaaS intangible assets following an International Financial Reporting Interpretations Committee (IFRIC) decision and consistent with the interpretation of AASB 138 intangible assets. Therefore the 2020–21 and 2019–20 comprehensive results have been restated to reflect this change.

For the audited financial statements, please go to page 72.

## Overview of financial performance

EPA recorded a surplus of \$6.7 million in 2022–23 compared with a surplus of \$6.9 million in 2021–22.

### Financial performance review

Total income from transactions of \$196.3 million in 2022–23 is a \$25.4 million increase (14%) from 2021–22. This is due in part to one off government grants for statewide emergency initiatives.

Total expenses from transactions of \$189.6 million in 2022–23 is a \$25.6 million increase (16%) from 2021–22. The increase is related to the implementation of the information technology roadmap and data management activities and an increased emphasis on litigation, together with learning and development and sampling services returning to pre-COVID-19 pandemic levels.

### Cash flows

The net cash outflow from operating activities of \$12.2 million in 2022–23 is the result of a decrease in government receivables associated with funded initiatives, including waste site rehabilitation programs, Circular Economy and the digital Waste Tracker enhancements, together with an increase in payments made to suppliers and employees.

### Financial position and balance sheet

Total assets of \$163.9 million in 2022–23 is a \$23.1 million decrease from 2021–22.

The movement in assets is primarily a result of use of utilisation of internal resources for waste site remediation works and core services. The total liabilities decreased by \$27.3 million from 2021–22. The decrease in total liabilities is driven by the utilisation of the provision for waste site rehabilitation works of multiple sites and a decrease in payables.

### Capital projects and asset investment programs

EPA did not have 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 our strategic goals.

### Subsequent events

To complete remediation works at the illegal hazardous waste dump at Lemon Springs, management sought additional funding by way of a Treasurer's Advance. On 8 September 2023, management were advised of an in-principle approval of a Treasurer's Advance up to \$6.162 million. The Treasurer's Advance will be recognised as revenue during the 2023–24 financial year.

No further events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.

# Organisational governance

## Governing Board

In accordance with the Environment Protection Act, the Governing Board is responsible for:

- the governance, strategic planning and risk management of EPA
- pursuing the objective of EPA
- performing the duties and functions and exercising the powers of EPA.

As of 30 June 2023, Governing Board members (and dates of appointment) were:

**Professor Kate Auty**  
Chair (1 July 2020 – 30 June 2025)

**Greg Tweedly**  
Deputy Chair (1 July 2018 – 30 June 2023)

**Monique Conheady**  
(1 July 2018 – 30 June 2025)

**Graeme Ford**  
(1 July 2018 – 30 June 2023)

**Emeritus Professor Joan Ozanne-Smith AO**  
(1 July 2018 – 30 June 2023)

**Dr Ross Pilling**  
(1 July 2018 – 30 June 2025)

**Kay Rundle**  
(20 October 2020 – 19 October 2025)

**Dr Catherine Lopes**  
(10 May 2022 – 9 May 2027)

**Margaret Donnan**  
(10 May 2022 – 9 May 2027)

Greg Tweedly and Emeritus Professor Joan Ozanne-Smith have been subsequently reappointed for a second term from 25 July 2023 to 30 June 2025.

## Professor Kate Auty Chair

Kate is a Professorial Fellow at the University of Melbourne and a Director of the Urban Climate Change Research Network's Oceania Hub. She was recently appointed Co-Chair of the Open Government Forum (Civil Society), Open Government Partnership.

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

## Greg Tweedly Deputy Chair

Greg has more than 30 years' experience in regulation, governance, risk, audit and finance. As Chief Executive Officer of WorkSafe Victoria for 10 years, Greg was responsible for the regulation of workplace safety in Victoria. Greg is currently a non-executive director of Melbourne Health and Chair of the Personal Injury Education Foundation.

## Monique Conheady

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

## Graeme Ford

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

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

## Emeritus Professor Joan Ozanne-Smith AO

Joan is the Head of Injury Prevention Research at the Department of Forensic Medicine at Monash University. She is a non-executive director of the Australian China Alumni Association and has previously been a member of the Victorian Civil and Administrative Tribunal.

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

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

## Dr Ross Pilling

Ross is a non-executive director of Note Printing Australia Ltd, Kotzur Pty Ltd and National Golf Holdings Pty Ltd, and independent director and Chair of Jupiter Ionics Pty Ltd. He is an Executive Mentor on the faculty of CMi Merryck.

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

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

## Kay Rundle

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

Kay is an experienced CEO with more than 15 years' experience leading 3 local government organisations (Maribyrnong, Greater Geelong and Port Phillip).

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

## Dr Catherine Lopes

Catherine's international career spans diverse sectors, ranging from financial services, utilities, to media. Currently, her focus lies in enhancing business performance through the development of data and analytics strategies, the utilisation of a wide range of analytics and AI applications and the establishment of a well-governed enterprise data management and governance framework.

Catherine was the first Chief Data and Analytics Officer at Merkle ANZ, the Head of Enterprise Data and Analytics at AGL Energy and the Head of Data Strategy and Analytics at ME Bank, ANZ Bank. Catherine also co-founded a startup Sleigh Group which is a creative resource company. She is the founder of Ada's Tribe, a community that empowers women in analytics, data science and AI, and serves on multiple university advisory boards at Australian National University and Monash.

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

## Margaret Donnan

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

With a depth and breadth of experience advising ministers, boards and CEOs across government and business, Margaret's board roles include former Chair of IChemE Safety Centre global advisory board, Deputy Chair of Game Management Authority and non-executive director on the Metropolitan Waste and Resource Recovery Group and the National Offshore Petroleum Safety Authority.

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

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

## Attendance at Governing Board meetings in 2022–23

Governing Board meetings were held in July, August, September, October, November and December 2022 and in February, March, April, May and June 2023. Table 10 records Board members' attendance.

Table 10  
Governing Board meeting attendance

Governing Board member	Meetings eligible to attend	Meetings attended
Professor Kate Auty	11	11
Greg Tweedly	11	11
Monique Conheady	11	9
Graeme Ford	11	11
Emeritus Professor Joan Ozanne-Smith AO	11	11
Dr Ross Pilling	11	10
Kay Rundle	11	8
Dr Catherine Lopes	11	10
Margaret Donnan	11	11

## Advisory committees

EPA's Governing Board has 3 committees:

### Risk and Audit Committee (RAC)

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

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

As of 30 June 2023, RAC members were:

- Rob Hogarth (outgoing external Chair)
- Peter Lewinsky (incoming external Chair)
- Greg Tweedly (Governing Board member)
- Graeme Ford (Governing Board member)
- Kay Rundle (Governing Board member)
- Michelle Beveridge (external member).

On 15 March 2023, the Governing Board appointed Peter Lewinsky to the position of RAC Chair until 31 March 2026. The outgoing RAC Chair, Rob Hogarth, co-chaired the 19 May RAC meeting with Mr Lewinsky, prior to stepping down from the position on 30 June 2023. EPA thanks Mr Hogarth for the immense time, effort and expertise he provided to the organisation during his tenure as a member and Chair of RAC.

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

RAC meetings were held in August, October and November 2022 and February, March, May and June 2023.

Table 11 records members' attendance.

Table 11  
**Risk and Audit Committee members (at 30 June 2023) and meeting attendance**

Committee member	Committee term of appointment	Meetings eligible to attend	Meetings attended
Rob Hogarth	24 January 2011 – 30 June 2023	7	7
Greg Tweedly	1 July 2018 – 30 June 2023	7	7
Michelle Beveridge	1 August 2021 – 31 July 2024	7	7
Graeme Ford	1 July 2018 – 30 June 2023	7	7
Kay Rundle	20 October 2020 – 19 October 2025	7	6
Peter Lewinsky	15 March 2023 – 31 March 2026	2	2

Greg Tweedly has subsequently been reappointed for a second term from 25 July 2023 to 30 June 2025.

### Science, Health and Engineering Advisory Committee (SHEAC)

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

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

Three SHEAC meetings were held this year in October 2022 and March and June 2023.

On 8 December 2022, Professor John Warner advised the Governing Board that he would be stepping down from his position as independent advisor to SHEAC.

As of 30 June 2023, members of SHEAC were:

- Professor Kate Auty (SHEAC Chair and Chair of the Governing Board)
- Emeritus Professor Joan Ozanne-Smith AO (Governing Board member)
- Margaret Donnan (Governing Board member)
- Dr Angie Bone, Deputy Health Officer - Environment for Dr Brett Sutton, Chief Health Officer, Department of Health (external member)
- Dr Peter Breen (external member)
- Professor Sandra Kentish (external member)
- Professor Veena Sahajwalla (external member).

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

### Executive Remuneration and Succession Committee (ERSC)

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

Two ERSC meetings were held this year in September 2022 and March 2023.

As of 30 June 2023, members of ERSC were:

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

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

# Senior executive

## Lee Miezis PSM Chief Executive Officer

MBA, BForSci (Hons)

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

Lee was appointed to the role of CEO in May 2021 following 3 months as interim CEO. Prior to joining EPA, Lee was the inaugural CEO of Bushfire Recovery Victoria. Before that, he spent 15 years with the (former) Department of Environment, Land, Water and Planning, including as Deputy Secretary of the Forest, Fire and Regions Group. Lee is a Victorian Fellow of the Institute of Public Administration Australia and was awarded a Public Service Medal in the 2022 Australia Day Honours for outstanding service to policy, regulation and service delivery, particularly around environmental sustainability.

## Suzy Neilan Executive Director Strategy

BA (Hons)

Suzy joined EPA in August 2021. Suzy was previously Executive Director, Service Delivery with the Victorian Building Authority where she oversaw Licensing and Registration, Customer Service and Quality. Before joining the Victorian Public Sector in 2018, Suzy worked in business process outsourcing, most notably as General Manager of Infringement Management Enforcement Services at Tenix Solutions which managed the outsourced systems and services of Civic Compliance Victoria for the Department of Justice and Community Safety.

## Mark Rossiter Executive Director Operations

EMBA

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

## Professor Mark Patrick Taylor Chief Environmental Scientist

PhD, BSc (Hons)

Mark joined EPA in August 2021. Mark specialises in environmental contamination and the risks it can pose to human health.

Since joining EPA, Mark has established EPA's GardenSafe program supporting thousands of Victorians in understanding and addressing trace metal exposure risks in their gardens. During the 2022 Victorian floods Mark introduced enhanced soil and water testing to assist impacted communities with their clean-up efforts.

## Carmel Flynn Executive Director Corporate Services

MBA, BComm

Joining EPA in October 2022, Carmel brings diverse and senior experience having previously worked in corporate and emergency management executive positions in the Victorian Public Service for more than 10 years, in international humanitarian leadership roles and in professional services. Carmel was a commissioned officer in the Royal Australian Air Force for 10 years and a veteran of active service. Her professional qualifications include a Master of Business Administration and a Bachelor of Commerce.

## Matt d'Abbs Chief Quality Officer

EMPA, LLB, BA

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

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

## Greg Elms General Counsel

LLB, GDLP

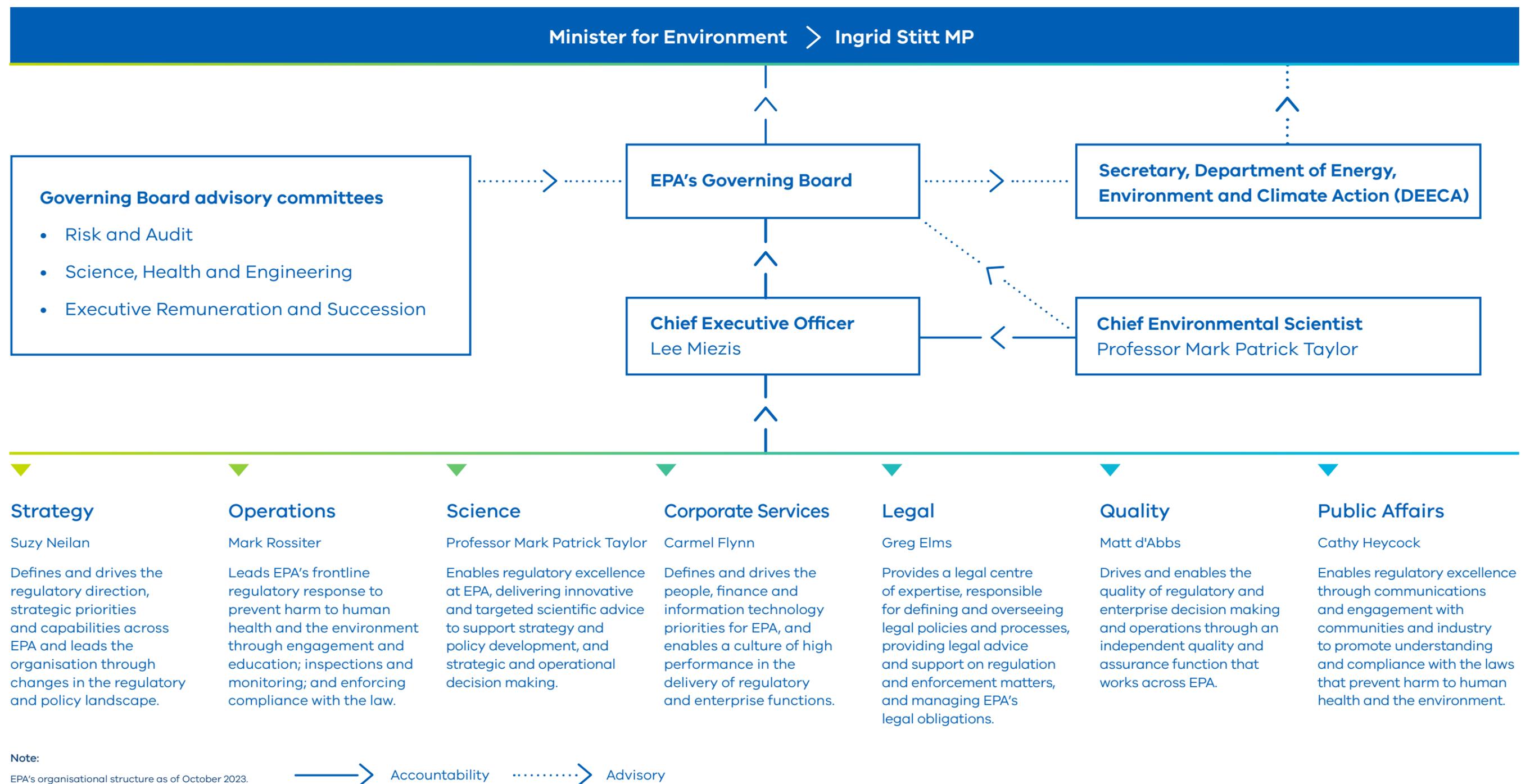
Greg commenced in the role of General Counsel at EPA in 2019. Before joining EPA, Greg spent 16 years at Victoria Police in general duties, criminal investigations, as a prosecutor and discipline advisor. Following that, he worked for 8 years at the Victorian Government Solicitor's Office providing specialist advice and advocacy to a broad range of government regulatory clients both directly and as a team leader. Greg then returned to Victoria Police for 2 years in the role of Principal Legal Advisor.

## Cathy Heycock Director Public Affairs

BA

Cathy joined EPA in 2021. Before joining EPA, Cathy headed strategic communications at the (former) Department of Environment, Land, Water and Planning. Cathy brings a wealth of experience in the environment and health portfolios leading strategic communications and major campaigns.

# Organisational structure



# Occupational health and safety

We are committed to protecting the physical and psychological safety of our people and others affected by our work. We actively promote and support the physical and mental wellbeing of our staff.

Towards the end of the financial year, we developed a 4-year People Roadmap to support the delivery of our 2022–27 Strategic Plan. It describes the workplace we want to create and the steps required to turn our aspirations into reality.

The roadmap focuses on 3 areas in health, safety and wellbeing:

- Strengthening our safety and wellbeing culture and systems.
- Managing safety risks including occupational violence and aggression, isolated field work and improving our risk registers.
- Taking an integrated and comprehensive approach to mental and physical health.

We have shifted from a decentralised safety compliance model to a business partnering model with an onsite presence, and coaching and support for line managers on health, safety, injury management and wellbeing matters. We also have a network of elected health and safety representatives, first aid officers and peer support officers.

## Managing health, safety and wellbeing risks

Occupational violence and aggression has been a long-standing risk at EPA, with controls in place for several years. We identified an increase in reported incidents in 2022–23, with many related to field staff exercising new duties due to legislative change. This elevated the need to increase our risk rating and review controls. Extensive consultation across the workforce led to additional control measures, many of which were implemented in the first half of 2023. The remainder will be completed throughout 2024 and 2025, prioritised according to impact.

Workforce wellbeing was identified as one of 12 organisational-level risks. After identifying and assessing strategies to reduce mental health and wellbeing risks, 9 recommendations were made and implemented, relating to mental health and wellbeing training, increasing access to online resources, and strengthening our employee assistance and peer support programs.

## Performance

A hundred incidents were reported; the equivalent of 14.3 incidents per 100 full-time equivalent (FTE) staff members. Of these:

- 38 took place in the field and 62 were non-field related
- 72 were near misses and 28 incidents resulted in some degree of harm
- only one of the harm incidents involved lost time.

There were 2 standard claims, both exceeding the threshold due to medical expenses (not compensation for time lost). The average cost per standard claim was \$98,620 compared with \$97,341 during the previous period.

EPA has prepared for a response in the event of an emergency animal disease incident. Under the State Emergency Management Plan, EPA is a support agency to Agriculture Victoria for a biosecurity emergency.

Managing COVID-19 risk was also a key priority during 2022–23, with additional control measures implemented to support staff to safely transition into offices as part of our hybrid working model.

Many of our field staff routinely drive in all conditions throughout Victoria. To ensure our people are equipped with the skills required to navigate the range of driving conditions they may face during the year, 186 EPA staff participated in defensive driver training.

Work commenced this financial year to identify, configure and implement a new rostering system for our emergency management staff. Safety and wellbeing experts are continuing to review and advise on the systematisation of fatigue management controls to ensure our rostering approach adopts safe and healthy work practices.

## Governance and assurance

EPA has 4 governance committees that oversee health, safety and wellbeing. These include the Health, Safety and Wellbeing Committee comprised of health and safety representatives and management, the Senior Executive Committee, Risk and Audit Committee and Governing Board. Safety and wellbeing performance and updates are regular agenda items to ensure safety remains at the forefront.

During October 2022, we participated in a surveillance audit which resulted in EPA maintaining our ISO 45001 certification status with no major non-conformances identified. Hazard inspections of our premises and vehicles were conducted and all identified issues were actioned.

Table 12

Performance against occupational health and safety (OHS) management measures

Measure	Key performance indicator	Notes	2022-23	2021-22	2020-21
Incidents	Number of incidents	1	100.0	93.0	77.0
	Rate per 100 FTE	3	14.3	13.7	10.3
	Lost time injury		1.0	2.0	3.0
	Lost time injury frequency rate	4	1.4	1.8	2.6
Claims	Number of standard claims	2	2.0	2.0	2.0
	Rate per 100 FTE	3	0.2	0.3	0.3
	Number of lost time claims		0.0	2.0	2.0
	Rate per 100 FTE	3	0.0	0.3	0.3
	Number of claims exceeding 13 weeks		0.0	1.0	1.0
	Rate per 100 FTE	3	0.0	0.1	0.1
Fatalities	Fatality claims	0	0.0	0.0	0.0
Claim costs	Average cost per standard claim	2	\$98,620	\$97,341	\$98,933
Return to work	Percentage of claims with return to work (RTW) plan <30 days		100%	100%	100%
Consultation and participation	Evidence of agreed structure of designated work groups (DWGs), health and safety representatives (HSRs) and issue resolution procedures (IRPs)			Completed	Completed
	Compliance with agreed structure on DWGs, HSRs and IRPs			Completed	Completed
	Number of quarterly OHS Committee meetings	5	3	5	7

Employment and conduct principles

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



Table 12 notes:

1. Incident data sourced from EPA's internal safety management system, as of 30 June 2022.
2. Data sourced from the Victorian Work Cover Authority as of 30 June 2023. Figures have been revised. Average costs of claims are calculated from the net incurred cost of claims for the premium period as at the close of the financial year, divided by the number of claims which contributed to the cost over the same period.
3. Based on a monthly average FTE employees of 679.44 for 2021-22.
4. Rolling 12-month average.
5. An adjustment of the OHS meeting schedule was made to align with the financial year reporting period, resulting in one less committee meeting during 2022-23.

# Workforce data

## Values and employment principles

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

EPA is committed to enabling a culture of performance and accountability. All policies and procedures are routinely reviewed to ensure alignment with the public sector employment standards under the Public Administration Act, and to ensure our practices value diversity while creating a safe and healthy workplace for our people.

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

### Table 13 notes:

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

## Comparative workforce data

The following table discloses the headcount and FTE staff of all active public service employees of EPA, employed in the last full pay period in June of the current reporting period, and in the last full pay period in June of the previous reporting period (2021–22).

In 2022–23, EPA's FTE employees increased by 90 compared with 2021–22. Since the commencement of the *Environment Protection Act 2017* on 1 July 2021 and a new organisational operating model on 1 November 2021 – that saw the total number of positions at EPA reduce from 980 – EPA has undergone targeted growth in core capability as its understanding of the demands of Environment Protection Act on the organisation has improved through implementation. All growth is consistent with EPA's financial sustainability objectives and ensures EPA can better meet its purpose and functions, including by continuing to strengthen the frontline.

Table 13  
Details of employment levels in June 2023 and June 2022  
2023

	All employees		Ongoing employees			Fixed term and casual employees	
	Number headcount	FTE	Full-time headcount	Part-time headcount	FTE	Number headcount	FTE
<b>Gender</b>							
Men	378	373.5	316	15	326.5	47	47.0
Women	380	357.4	276	57	312.7	47	44.8
Self-described	5	5.0	3	0	3.0	2	2.0
<b>Age</b>							
15–24	15	15.0	7	0	7.0	8	8.0
25–34	200	196.1	144	10	150.4	46	45.6
35–44	240	230.6	196	25	212.6	19	18.0
45–54	200	192.0	160	25	177.2	15	14.8
55–64	90	86.2	74	9	79.8	7	6.4
65+	18	16.1	14	3	15.1	1	1.0
<b>Total</b>	<b>763</b>	<b>736.0</b>	<b>595</b>	<b>72</b>	<b>642.0</b>	<b>96</b>	<b>93.8</b>

## 2022

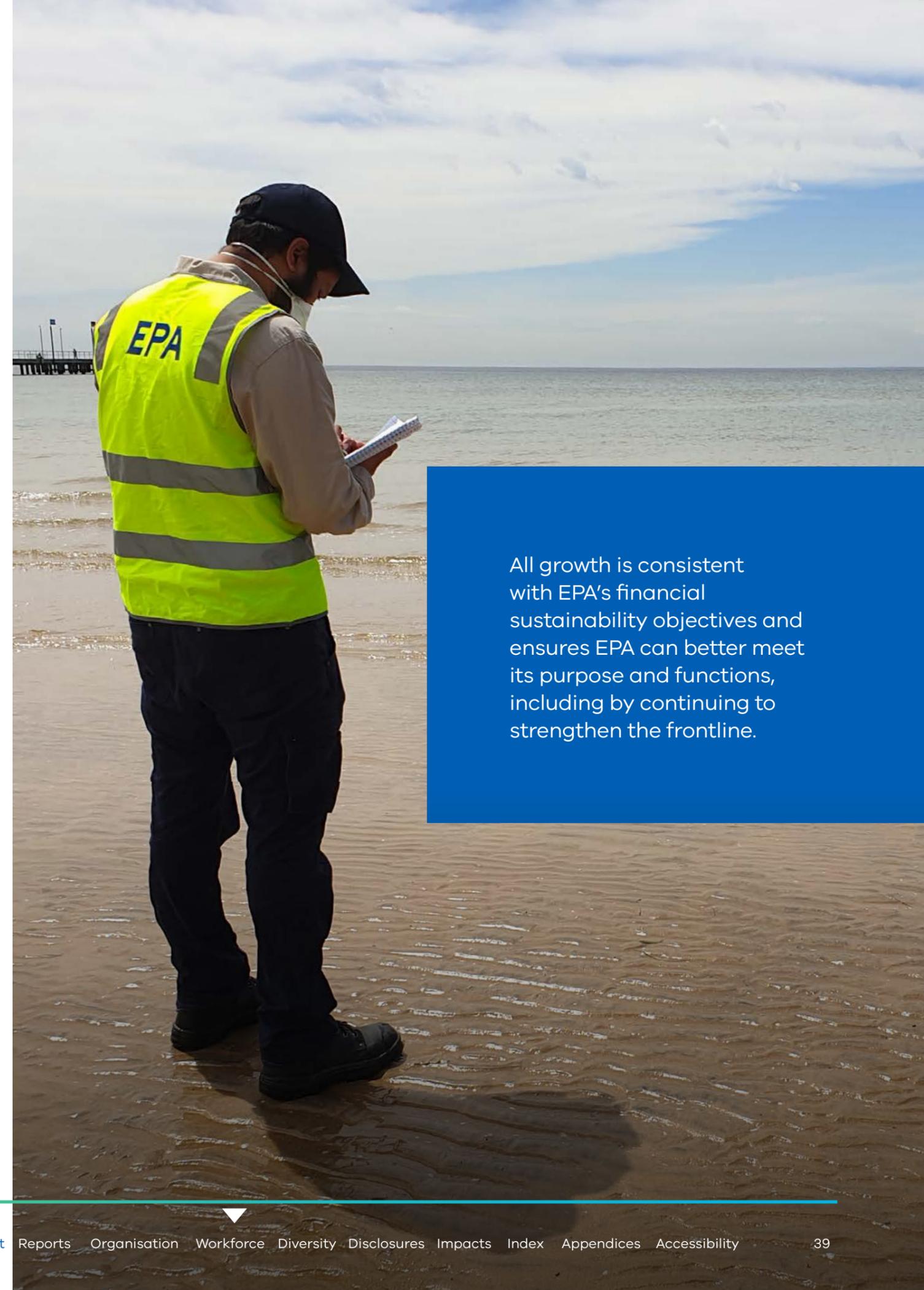
<b>Gender</b>							
Men	333	327.0	283	12	289.0	38	36.0
Women	338	317.0	251	44	277.0	43	41.0
Self-described	2	2.0	2	0	2.0	0	2.0
<b>Age</b>							
15–24	9	9.0	9	0	9.0	0	0.0
25–34	160	158.0	130	7	134.0	23	23.0
35–44	233	220.0	186	26	202.0	21	19.0
45–54	177	169.0	138	15	146.0	24	24.0
55–64	77	75.0	60	5	63.0	12	12.0
65+	17	15.0	13	3	14.0	1	1.0
<b>Total</b>	<b>673</b>	<b>646.0</b>	<b>536</b>	<b>56</b>	<b>568.0</b>	<b>81</b>	<b>79.0</b>

Table 14  
**Details of employment levels in June 2023 and June 2022 continued**  
**2023**

	All employees		Ongoing employees			Fixed term and casual employees	
	Number headcount	FTE	Full-time headcount	Part-time headcount	FTE	Number headcount	FTE
<b>VPS 1–6 grades/Science grades A–D</b>							
VPSG2	7	6.8	5	1	5.8	1	1.0
VPSG3/Science A	152	146.1	115	12	121.6	25	24.4
VPSG4/Science B	227	219.4	171	21	184.7	35	34.6
VPSG5/Science C	256	244.8	196	32	217.9	28	26.8
VPSG6/Science D	98	96.0	85	6	89.0	7	7.0
<b>Senior employees</b>							
SES-1	9	9.0	9	0	9.0	0	0.0
SES-2	4	4.0	4	0	4.0	0	0.0
SES-3	1	1.0	1	0	1.0	0	0.0
STS	9	9.0	9	0	9.0	0	0.0
<b>Total</b>	<b>763</b>	<b>736.0</b>	<b>595</b>	<b>72</b>	<b>642.0</b>	<b>96</b>	<b>93.8</b>

**2022**

<b>VPS 1–6 grades/Science grades A–D</b>							
VPSG2	7	7.0	6	1	7.0	0	0.0
VPSG3/Science A	127	123.0	107	7	111.0	13	13.0
VPSG4/Science B	188	178.0	151	16	158.0	21	20.0
VPSG5/Science C	243	231.0	192	27	208.0	24	23.0
VPSG6/Science D	86	85.0	73	5	77.0	8	8.0
<b>Senior employees</b>							
SES-1	7	7.0	0	0	0.0	7	7.0
SES-2	5	5.0	0	0	0.0	5	5.0
SES-3	1	1.0	0	0	0.0	1	1.0
STS	9	9.0	7	0	7.0	2	2.0
<b>Total</b>	<b>673</b>	<b>646.0</b>	<b>536</b>	<b>56</b>	<b>568.0</b>	<b>81</b>	<b>79.0</b>



All growth is consistent with EPA's financial sustainability objectives and ensures EPA can better meet its purpose and functions, including by continuing to strengthen the frontline.

# Diversity and inclusion

To truly represent, understand and serve Victorians, EPA works to embed diversity, equity and inclusion practices across the organisation.

EPA's Gender Equality Action Plan works to address the gaps and barriers that existed at EPA and seeks to break them down by introducing meaningful actions to address gender inequities within our workforce.

While EPA already has a strong and dedicated culture focused on gender equity, this plan further embeds that baseline while offering continuous improvement and focus on the areas that need it.

Priority areas of focus include:

- gender composition across all levels of our workforce
- gender pay equity
- prevention of workplace sexual harassment
- recruitment and promotion
- leave and flexibility
- gendered work segregation.

EPA recognises the value of the diversity, strength and knowledge of First Nations people as we work to strengthen partnerships and better incorporate cultural knowledge and values into Victoria's environment protection framework. In 2022–23, 2 EPA employees identified as Aboriginal or Torres Strait Islander people.

We continue to make progress maturing our diversity, equity and inclusion practices having invested in a dedicated role and ensuring we take a comprehensive approach to address opportunities for improvements and success for all our people. The initiatives under these priorities are embedded into EPA's ways of working, with ongoing monitoring and evaluation of their efficacy.



## Compliance with the *Disability Act 2006*

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

In 2022–23, EPA continued to deliver actions to remove barriers from gaining and maintaining employment, and preventing full engagement with EPA's services and facilities.

EPA actively embraces staff of different abilities and is committed to merit, equity, diversity and inclusion in the workplace. In 2022–23, 13 EPA employees identify as having a disability.

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

Milestones for the year included:

- continuation of reviews of facilities design for EPA worksite locations to ensure they are accessible
- further reviews to our processes to address barriers for those with disabilities in applying for EPA roles
- recognition of events such as R U OK? Day and Mental Health Month.

## Executive officer data

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

Table 15  
2022–23 annualised total salary, by \$20,000 bands, for executives and other senior non-executive staff

Income band (salary)	Executives	STS	PS	SMA	SRA	Other
<\$160,000	-	-	-	-	-	-
\$160,000–\$179,000	-	-	-	-	-	-
\$180,000–\$199,000	-	5	-	-	-	-
\$200,000–\$219,000	-	1	-	-	-	-
\$220,000–\$239,000	7	3	-	-	-	-
\$240,000–\$259,000	2	-	-	-	-	-
\$260,000–\$279,000	-	-	-	-	-	-
\$280,000–\$299,000	1	-	-	-	-	-
\$300,000–\$319,000	-	-	-	-	-	-
\$320,000–\$339,000	3	-	-	-	-	-
\$340,000–\$359,000	-	-	-	-	-	-
\$360,000–\$379,000	-	-	-	-	-	-
\$380,000–\$399,000	-	-	-	-	-	-
\$400,000–\$419,000	1	-	-	-	-	-
<b>Total</b>	<b>14</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Note:**

Header row acronyms stand for Senior Technical Specialist (STS), Public Service (PS), Senior Medical Advisor (SMA) and Senior Regulatory Analyst (SRA).

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

Table 16  
Total number of executives by gender

Classification	All		Men		Women		Self-described		Vacancies
	Number	Variation	Number	Variation	Number	Variation	Number	Variation	Number
SES-1	9	2	4	2	5	0	0	0	0
SES-2	4	-1	2	-1	2	1	0	0	0
SES-3	1	0	1	0	0	0	0	0	0
<b>Total</b>	<b>14</b>	<b>1</b>	<b>7</b>	<b>1</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Note:**

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

# Other disclosures

## Local Jobs First

The *Local Jobs First Act 2003* brings together the Victorian Industry Participation Policy and Major Project Skills Guarantee Policy, which were previously administered separately.

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

EPA continued to be compliant with the Local Jobs First Policy.

During 2022–23, EPA’s Contact Call Centre contract was applicable to the Local Jobs First Policy where a Local Industry Development Plan was completed by the successful supplier following a request for tender.

The outcomes expected from implementing this Policy where information was provided are as follows:

- made 100% local content commitment
- created 1.8 new jobs and the retained 10.8 existing jobs.

## Government advertising expenditure

EPA’s expenditure in the 2022–23 reporting period on government campaign expenditure did not exceed \$100,000.

## Consultancy expenditure

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

In 2022–23, there were 34 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022–23 in relation to these consultancies was \$5,344,434 (exc. GST). Details of individual consultancies are outlined in Table 17 and are made available on EPA’s website through the publication of our annual reports.

Table 17

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

Supplier	Purpose of consultancy	Total approved project fee (excl. GST)	Expenditure 2022-23 (excl. GST)	Future expenditure (excl. GST)
Acton Advisory Pty Ltd	Quality management framework	\$330,225	\$143,098	\$187,128
Arup Australia Pty Ltd	Commercial and transaction advice (Wind energy facility)	\$177,273	\$60,135	\$117,138
Capgemini Pty Ltd	Review of structure, process and practice (Content Management System identification and implementation)	\$197,507	\$197,507	-
Christopher Johnstone	General professional services (Flood water project)	\$60,000	\$50,000	\$10,000
CSIRO	Business need and system design (On-farm burial of animal carcasses)	\$90,000	\$90,000	-
Decentralised Water Consulting Pty Ltd	Commercial and transaction advice (Wastewater management system)	\$81,356	\$68,971	\$12,385
Delfire Pty Ltd	Review of structure, process and practice (Fire risk assessment)	\$13,750	\$11,000	\$2,750
Deloitte Touche Tohmatsu	Framework development and policy research (State Environment Protection Policy waters monitoring evaluation and reporting framework)	\$133,636	\$80,182	-
Environmental Risk Sciences Pty Ltd	Commercial and transaction advice (Contaminants in recycled water)	\$110,191	\$96,968	\$13,223
Ernst & Young Pty Ltd	Business needs and system design (Technology enablement office)	\$699,330	\$699,330	-
Ernst & Young Pty Ltd	Commercial and transaction advice (Lapsing program evaluation and business case development)	\$300,458	\$300,458	-

Supplier	Purpose of consultancy	Total approved project fee (excl. GST)	Expenditure 2022-23 (excl. GST)	Future expenditure (excl. GST)
Ernst & Young Pty Ltd	Review of structure, process and practice (Establishment of program delivery office)	\$745,350	\$653,965	\$91,385
Fifty-Five Five Pty Ltd	Commercial and transaction advice (Anti-dumping campaign)	\$87,000	\$87,000	-
GHD Pty Ltd	Review of structure, process, and practice (Water quality framework)	\$45,046	\$22,523	\$22,523
GNS Science	Commercial and transaction advice (Air pollution)	\$101,484	\$32,317	\$44,909
Greencap Pty Ltd	General professional services (Small business program)	\$186,364	\$5,423	\$47,359
Nous Group Pty Ltd	Commercial and transaction advice (Climate change risk engagement)	\$361,818	\$266,027	\$95,791
Nous Group Pty Ltd	Commercial and transaction advice (Regulatory decision maker program and learning culture)	\$209,091	\$125,455	\$83,636
Pricewaterhouse Coopers Consulting Pty Ltd	Review of structure, process and practice (Data analytics and intelligence review)	\$927,615	\$927,435	\$180
Reputation Institute Pty Ltd	General professional services (Communication Government program)	\$225,600	\$112,800	-
Resilient Services Pty Ltd	Review of structure, process and practice (Victorian floods)	\$42,075	\$41,984	\$91
RM Consulting Group Pty Ltd	Commercial and transaction advice (Onsite wastewater management systems)	\$77,140	\$59,080	\$12,020

Table 17 continued

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

Supplier	Purpose of consultancy	Total approved project fee (excl. GST)	Expenditure 2022–23 (excl. GST)	Future Expenditure (excl. GST)
RM Consulting Group Pty Ltd	Commercial and transaction advice (Wastewater irrigation)	\$109,925	\$14,499	\$20,821
RSM Australia Pty Ltd	Review of structure, process, and practice (Environmental crime branch capability uplift)	\$227,273	\$202,658	\$24,615
RSM Australia Pty Ltd	Review of structure, process, and practice (Risk assessment)	\$119,975	\$60,000	\$59,975
Sheridan Consulting Group Pty Ltd	Review of structure, process, and practice (Risk assessment and security audits)	\$63,500	\$63,500	-
Spring Point Pty Ltd	Business need and system design (Cultural diagnostics)	\$247,273	\$139,388	\$2,685
Tetra Tech Coffey Pty Ltd	General professional services (Health Safety, Security and Environment Plan development)	\$32,270	\$32,215	\$55
The University of Adelaide	Commercial and transaction advice (Psychological health impacts from pollution)	\$208,000	\$208,000	-
WSP Australia Pty Ltd	Framework development and policy research (Financial assurance process)	\$134,000	\$91,998	\$42,003
Chambers Consulting <sup>1</sup>	Routine accounting, audit and taxation services	\$10,400	\$10,400	-
D&D Taxation Consulting <sup>1</sup>	Routine accounting, audit and taxation services	\$10,568	\$10,568	-
Protiviti Pty Ltd <sup>1</sup>	Routine accounting, audit and taxation services	\$1,818,182	\$264,550	\$1,456,982
Victorian Auditor-General's Office <sup>1</sup>	Routine accounting, audit and taxation services	\$115,000	\$115,000	-
<b>Total</b>		<b>\$8,298,675</b>	<b>\$5,344,434</b>	<b>\$2,347,654</b>

**Note:**

1. Firm that provides accounting services engaged by EPA in 2022–23 to provide contracted works. While these works do not meet the definition of consultant under FRD 22H, the firm is included in the table for transparency purposes.

**Consultancies under \$10,000**

In 2022–23, there was one consultant engaged where the total fee payable to the individual consultant was less than \$10,000. The total expenditure incurred during 2022–23 in relation to this consultancy was \$8,000 (exc. GST).

**Information and communication technology expenditure**

In 2022–23, EPA had a total information and communication technology (ICT) expenditure of \$43 million, with the details shown in Table 18.

Table 18

**Disclosure of ICT expenditure (\$'000,000)**

Business-as-usual (BAU) ICT expenditure	Non-business-as-usual (non BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and capital expenditure)		
\$39.2	\$3.8	\$0.3	\$3.5

ICT expenditure refers to EPA's costs in providing business-enabling ICT services. It includes business-as-usual ICT expenditure and non-business-as-usual ICT expenditure.

Business-as-usual ICT expenditure is expenditure primarily relating to ongoing activities to operate and maintain the current ICT capability. Non-business-as-usual expenditure includes work to enhance the Waste Tracker application for duty holders.

**Disclosure of major contracts**

In 2022–23, EPA did not execute any major new contracts.

**Competitive Neutrality Policy**

The Competitive Neutrality Policy requires government businesses to ensure where services compete, or potentially compete,

with the private sector, that any advantage arising solely from their government ownership be removed if it is not in the public interest.

Government businesses are required to cost and price these services as if they were privately owned. The policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation.

This policy does not override other policy objectives of government and focuses on efficiency in the provision of service. EPA continues to comply with the requirements of the policy.

## Freedom of information

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

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

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

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

The FOI Act requires EPA to give a decision on a request no later than 30 days from the day the request is received. However, when consultation is required under the FOI Act in relation to documents relevant to a request, we may take up to 45 days to make a decision.

Alternatively, with agreement from the applicant, EPA may extend the time for deciding a request by periods of up to 30 days.

The applicant's agreement to an extension may be given any number of times.

An applicant who is not satisfied by a decision has the right to seek a review by the Office of the Victorian Information Commissioner within 28 days of receiving it.

## Making a request

Section 17 of the FOI Act sets out the requirements for making a 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 \$31.80 payable before a request will be processed.

Access charges will also be payable in relation to most requests. However, EPA may waive the application fee if an applicant can demonstrate hardship. In some circumstances, access charges are not payable or will be waived.

FOI requests can be submitted by:

- email via [foi@epa.vic.gov.au](mailto:foi@epa.vic.gov.au)
- post:

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



## FOI statistics and timelines

In 2022–23, EPA received 129 applications. Of these requests, one was from the media and the remainder were from the public.

EPA made 98 FOI decisions during the 12 months ending 30 June 2023, of which:

- 70 were made within 30 days
- 16 within 31 to 45 days
- 10 within 46 to 90 days
- 2 decisions in greater than 90 days
- 44 were made after extensions had been applied or agreed upon by the applicant.

The average time taken to decide on a request was 30 days.

Of the 98 FOI decisions EPA made during the 12 months ending 30 June 2023:

- 63 were released in full
- 20 were released in part
- 7 were denied in full
- no relevant documents could be found for 8.

During 2022–23, one request was the subject of a complaint, and one decision was the subject of a review by Office of the Victorian Information Commissioner. Two decisions became the subject of a review application to the Victorian Civil and Administrative Tribunal, whether made by an applicant or a third party to a decision on a request.

Further information about making a request can be found at [epa.vic.gov.au/about-epa/governance/freedom-of-information](https://epa.vic.gov.au/about-epa/governance/freedom-of-information).

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



## Compliance with the DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information included in this annual report will be available at [data.vic.gov.au](http://data.vic.gov.au) in machine-readable format.

### Compliance with the *Building Act 1993*

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

### Compliance with the *Public Interest Disclosures Act 2012*

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

A public interest disclosure is a complaint of corrupt or improper conduct or detrimental action by a public officer or a public body.

Improper or corrupt conduct involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption.

Detrimental action is action taken against a person in reprisal for making a public interest disclosure.

You can make a public interest disclosure about EPA or its Governing Board members, officers or employees by contacting the Independent Broad-based Anti-corruption Commission.

EPA is not able to receive public interest disclosures and has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about EPA, its Governing Board members, officers or employees. You can access EPA's procedures on our website at [epa.vic.gov.au](http://epa.vic.gov.au).

#### Independent Broad-based Anti-corruption Commission Victoria

##### Address

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

##### Mail

GPO Box 24234, Melbourne, Victoria 3001

##### Internet

[ibac.vic.gov.au](http://ibac.vic.gov.au)

##### Phone

1300 735 135

##### Email

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

### Other information available on request

Information listed in this section (as per the Financial Reporting Directive 22B of the Financial Management Act) is held at EPA's head office, located at 200 Victoria Street, Carlton and is available on request, subject to the FOI Act.

- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications produced by EPA about us and where they can be obtained.
- Details of changes in prices, fees, charges, rates and levies charged by EPA.
- Details of any major external reviews carried out in respect of the operation of EPA.
- Details of major research and development activities.
- Details of overseas visits, including a summary of the objectives and outcomes of each visit.

- Details of major promotional, public relations and marketing activities by EPA to develop community awareness of EPA and our services.
- Details of assessments and measures to improve occupational health and safety of employees not otherwise detailed in the Report of Operations.
- A general statement on industrial relations within EPA and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by EPA, the purpose of each committee, and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors including consultants/contractors engaged, services provided and expenditure committed for each engagement.

In addition, EPA confirms that declarations of pecuniary interests have been duly completed by all relevant officers of EPA.

# Office-based environmental impacts

A staff-run volunteer working group – Green Stars – has delivered initiatives to influence behavioural change and improve environmental sustainability across all EPA work environments since re-launching in 2017.

The group has continued to promote Plastic Free July, Sustainable House Day and International Composting Awareness Week, while spearheading a waste reduction program that is centred around decreasing organisational reliance on single use disposable coffee cups.

In 2023–24, Green Stars will continue to work with the EPA Senior Executive Committee to strengthen sustainability and environmental outcomes across the organisation.

Approximately 80%<sup>1</sup> of EPA office-based staff in the CBD continued to work from home over the year, compared with 90% in 2021–22 and 95% the year before that. This resulted in an increase in expenditure on catering for events and training, claims for taxis and public transport, and more flights between offices.

**Note:**

1. This figure represents the average percentage of days that were worked from home in the 2022–23 financial year

**Table 19**  
**Baseline emissions**

Current reporting year	2022–23
Baseline (2009–10) emissions (tCO <sub>2</sub> -e)	4,822

In regional areas, office attendance overall is lower as many employees are field based, although higher numbers of staff in desk-based roles are working from regional offices, reflecting easier commutes. The increase in fieldwork has also contributed to an increase in fleet transport emissions and air travel.

EPA's greenhouse gas inventory was prepared using the National Greenhouse Accounts (NGA) factors updated by the Australian Government's Department of Environment in February 2023 and management-derived methods where appropriate emissions calculation methods and factors were not available in the NGA factors. Impacts on the environment attributable to EPA from staff working from home, such as energy and water consumption and waste generation, were estimated to

provide a more holistic account on EPA's total impact. A detailed description of the methodologies and conversion factors applied can be found in EPA's Greenhouse Gas Inventory Management Plan 2022–23. 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 20 below.

Note that the FRD 24 reporting requirements were updated for 2022–23 and as such the 2021–22 information is presented in the updated format.

**Table 20**  
**FTEs, offices, monitoring stations and sensors**

Indicator	2022–23	2021–22
Total FTE employees	736	646
Total office area (m <sup>2</sup> )	14,250	14,250
Number of offices	9	9
Number of air monitoring stations	18	17
Small monitoring sites <sup>1</sup>	70	25

**Note:**

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

## Electricity production and consumption

Table 21 presents EPA's electricity consumption performance for 2022–23 and 2021–22. Data for electricity was obtained from invoices provided by EPA's energy retailers.

Where data was not available, consumption was estimated using daily consumption rates from available information.

Total electricity usage decreased in 2022–23. EPA continues to implement energy reduction initiatives throughout its offices. The Carlton office's bathroom and lighting were upgraded in 2022–23. The Carlton office was refurbished a decade ago and is currently under-utilised with a 470-desk capacity and average daily use of 250 desks maximum. Plans are underway to source a building with a 5.5 or 6 NABERS rating that is fit for EPA purpose.

A fit out is planned for the MacLeod office that would see only the space required inside the 5,000 square metres leased utilised.

In Geelong, upgrades to air conditioning resulted in a more efficient heating and cooling system. The decrease in electricity usage for 2022–23 reflect these initiatives.

Furthermore, EPA's Wangaratta office uses GreenPower; however, consumption for 2022–23 could not be obtained from the property manager, resulting in a decrease in GreenPower usage from 2021–22.

Table 21  
Electricity usage

Indicator	2022–23	2021–22
<b>EL1. Total electricity usage segmented by source (MWh)</b>	<b>1,244.50</b>	<b>1,420.46</b>
Purchased directly through an electricity retailer	1,239.10	1,418.71
Not directly purchased	-	-
Self-generated	5.40	1.75
<b>EL2. Onsite electricity generated segmented by usage and source (MWh)</b>	<b>5.40</b>	<b>1.75</b>
Behind the meter consumption	5.40	1.75
Solar	5.40	1.75
Exports from onsite systems	-	-
Used outside the facility other than for supply to the grid	-	-
<b>EL3. Onsite installed generation capacity segmented by source (MW)</b>	<b>0.015</b>	<b>0.005</b>
Solar	0.015	0.005
<b>EL4. Total electricity offsets segmented by offset type (MWh)</b>	<b>-</b>	<b>51.77</b>
GreenPower (100%)	-	51.77

## Electricity targets

EPA's electricity use target for 2022–23 was carried over from 2018–19.

EPA's electricity target for 2022–23 was an energy intensity target for electricity use expressed in megajoules per square metre of floor area (MJ/m<sup>2</sup>).

Table 22 presents EPA's performance against its energy intensity target for 2022–23 showing that the target was met. EPA is reviewing its targets for future reporting periods.

Table 22  
Current performance against Sustainability Plan targets for energy use

Measure	2022–23 target	2022–23 actual
Energy use (electricity) per m <sup>2</sup> per year	550 MJ/m <sup>2</sup>	314

## Stationary fuel

Stationary fuel consumption includes natural gas used in EPA offices.

EPA used no fuel for machinery in 2022–23. Data for natural gas usage was supplied by suppliers' invoices. Table 23 presents EPA's stationary fuel consumption performance for 2022–23 and 2021–22, broken down by fuel type.

Total gas usage decreased in 2022–23 from 2021–22. EPA continues to focus on energy reduction initiatives across the organisation, and is currently developing interrelated plans and roadmaps for facilities and fleet, as well as carbon emissions reduction.

Table 23  
Stationary fuel

Indicator	2022–23	2021–22
<b>F1. Total fuels used in buildings and machinery segmented by fuel type (MJ)</b>	<b>600,413.69</b>	<b>640,788.76</b>
Fuel used for building services	600,413.69	640,788.76
Natural gas	600,413.69	640,788.76
Fuel used for machinery processes	-	-
<b>F2. GHG emissions from stationary fuel consumption segmented by fuel type (tCO<sub>2</sub>e)</b>	<b>30.94</b>	<b>33.02</b>
Fuel used for building services	30.94	33.02
Natural gas	30.94	33.02
Fuel used for machinery processes	-	-



## Transport

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

Table 24 shows EPA's energy consumption and greenhouse gas emissions performance for 2022–23 and 2021–22. Data for EPA's vehicle fleet and flights was obtained from fuel cards and other internal reports. Staff commuting data for modes of transport is obtained from an annual travel survey which has not been conducted since 2018–2019; therefore, the 2018–19 survey was reused and extrapolated across all EPA staff.

EPA is currently conducting a fit-for-purpose audit of the vehicle pool, establishing a baseline inventory and standards against which continuous improvement initiatives will be measured, ensuring ongoing emissions reduction. The consultation will also provide EPA with recommendations and a building roadmap to ascertain optimum office locations

and fit outs. Buildings leased by EPA all meet NABERS energy rating principles, including being 'close to public transport'.

EPA has established several hot desks in each office, enabling staff to work flexibly between locations. Melbourne CBD staff also now have access to end of trip facilities, supporting their walk, run or ride into work.

The total vehicles in EPA's fleet decreased from 139 vehicles in 2021–22 to 99 vehicles in 2022–23. Kilometres travelled and CO<sub>2</sub> emissions decreased as a result. It should be noted that due to an update in the NGA factors, scope 3 emissions associated with transport increased. Due to increased travel post COVID-19, air travel increased in 2022–23.

### Table 24 note:

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

Table 24  
Transport

Indicator	2022–23	2021–22
<b>T1. Total energy used in transportation (MJ)</b>	<b>2,622,495.74</b>	<b>2,732,112.23</b>
Vehicles categorised as road vehicles	2,615,619.49	2,719,709.35
Petrol	1,172,178.67	1,151,918.24
Diesel	1,443,440.82	1,567,791.11
Vehicles categorised as non-road vehicles	6,876.25	12,402.87
Petrol	6,876.25	11,971.71
Diesel	-	431.16
<b>T2. Number of vehicles in the organisational boundary</b>	<b>99</b>	<b>139</b>
Vehicles categorised as road vehicles	98	137
Petrol	63	96
Diesel	35	41
Vehicles categorised as non-road vehicles	1	2
Petrol	1	1
Diesel	-	1
<b>T2. Proportion of vehicles in the organisational boundary</b>	<b>100%</b>	<b>100%</b>
Vehicles categorised as road vehicles	99%	99%
Petrol	64%	69%
Diesel	35%	29%
Vehicles categorised as non-road vehicles	1%	1%
Petrol	1%	1%
Diesel	0%	1%
<b>T3. Total greenhouse gas emissions from vehicle fleet (tCO<sub>2</sub>e)</b>	<b>181.37</b>	<b>189.62</b>
Vehicles categorised as road vehicles	180.90	188.28
Petrol	79.26	77.89
Diesel	101.63	110.39
Vehicles categorised as non-road vehicles	0.48	1.34
Petrol	0.48	1.31
Diesel	-	0.03
<b>T4. Total distance travelled by commercial air travel (passenger km)</b>	<b>251,048.00</b>	<b>58,375.85</b>
<b>T5. Percentage of employees using sustainable<sup>1</sup> modes of transport to get to and from work</b>	<b>70%</b>	<b>70%</b>
CBD (%)	86%	86%
Metropolitan Melbourne (%)	73%	73%
Regional (%)	48%	48%



## Transport targets

EPA's transport targets for 2022–23 were carried over from 2018–19.

EPA's transport target for 2022–23 included:

- a target to increase vehicle fleet fuel efficiency, expressed as emissions generated (kgCO<sub>2</sub>e) per kilometre travelled, against a 2013–14 baseline of 0.25
- a target to increase the percentage of employees using sustainable modes of transport to travel to work or working from home, against a 2013–14 baseline of 74%.

Table 25 shows EPA's performance against these 2 targets. The increase in fuel efficiency of the vehicle fleet has not been met due to increased travel per vehicle despite a reduction in the total number of vehicles.

The percentage of employees using sustainable transport is the same as 2018–19 due to reusing the same travel survey. EPA is reviewing its targets for future reporting periods.

Table 25  
Current performance against Sustainability Plan targets for transport

Measure	2022–23 target	2022–23 actual
Increase in fuel efficiency of vehicle fleet	10%	1%
Increase in use of sustainable transport for work purposes	10%	-5%

## Energy

Total energy usage decreased in 2022–23. EPA continues to focus on energy reduction initiatives across the organisation.

EPA is currently developing interrelated plans and roadmaps for facilities and fleet, as well as carbon emissions reduction. Specific strategies are outlined in the electricity and transport sections above.

Data for electricity and natural gas consumption as outlined in the following table.

Where data was not available, consumption was estimated using consumption rates from available information.

Table 26 presents EPA's energy consumption performance for 2022–23 and 2021–22.

Table 26  
Energy use

Indicator	2022–23	2021–22
<b>E1. Total energy usage from fuels (MJ)</b>	<b>3,222,909.43</b>	<b>3,372,900.99</b>
<b>E2. Total energy usage from electricity (MJ)</b>	<b>4,480,201.01</b>	<b>5,113,663.97</b>
<b>E3. Total energy usage segmented by source (MJ)</b>	<b>7,703,110.44</b>	<b>8,486,564.96</b>
Renewable energy usage	19,447.20	192,683.22
Non-renewable energy usage	7,683,663.24	8,293,881.74
<b>E4. Units of energy used per FTE (MJ/FTE)</b>	<b>11,270.05</b>	<b>12,792.12</b>
<b>E4. Units of energy used per unit of office area (MJ/m<sup>2</sup>)</b>	<b>540.57</b>	<b>595.54</b>



## Energy targets

The current financial reporting disclosures requirements look at electricity, stationary fuel and transport fuel separately and calculate the energy totals using all 3 components.

Previous requirements combined the total energy associated with electricity and stationary fuels. EPA's previous set energy target was for electricity. This was carried forward from 2018–19.

EPA's energy target for 2022–23 was an energy intensity target for electricity use expressed in megajoules per square metre of floor area (MJ/m<sup>2</sup>). Table 26 presents EPA's performance against its energy intensity target for 2022–23, demonstrating the target was met. EPA is reviewing its targets for future reporting periods.

## Sustainable building and infrastructure

EPA retained its high energy performance at EPA's head office with NABERS energy rating of 5.5 stars.

EPA's North Geelong office also received a NABERS energy rating of 5.5 stars in 2021–22, while the Traralgon office was rated at 5 stars. There were no newly completed entity-owned offices in 2022–23 or 2021–22.

Table 27  
Buildings outline

Indicator	2022–23	2021–22
<b>B3. NABERS energy ratings of newly completed/occupied entity-owned office buildings</b>		
Carlton – Head office	5.0	5.0
Macleod <sup>1</sup> – Science centre	N/A	N/A
Dandenong – Southern Metropolitan Melbourne region	4.0	4.0
Preston – Northern Metropolitan Melbourne region	3.0	3.0
Sunshine – Western Metropolitan Melbourne region	4.5	4.5
Wangaratta – North East Victoria region	5.0	5.0
Bendigo – North West Victoria region	4.5	4.5
North Geelong – South West Victoria region	5.5	5.5
Traralgon – Gippsland region	5.0	5.0
<b>B4. Environmental performance ratings of newly completed entity-owned non-office building or infrastructure projects or upgrades with a value over \$1 million</b>	No new offices	No new offices
<b>B5. Environmental performance ratings achieved for entity-owned assets portfolio segmented by rating scheme and building, facility or infrastructure type</b>	No rating information available	No rating information available

**Note:**

1. Landlord (La Trobe University) is unable to provide a NABERS rating for this historical site.

## Sustainable building and infrastructure targets

EPA has no current targets relating to sustainable buildings and infrastructure. However, this will be more relevant in 2023–24 as EPA looks to conduct fit-out projects to improve the efficiency of our buildings.

## Water consumption

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

Table 28 below presents EPA's water use performance for 2022–23 and 2021–22. The data is based on water meter readings at all metropolitan, regional offices and working from home estimations.

In 2022–23, there was a substantial increase in water usage at the Carlton, Macleod, North Geelong and Sunshine offices.

Table 28

### Water use

Indicator	2022–23	2021–22
<b>W1. Total office-based water consumption (kL)</b>	<b>13,634.52</b>	<b>2,451.13</b>
Potable water consumption from town water supply	13,634.52	2,451.13
<b>W1. Total working from home water consumption (kL)</b>	<b>1,128.82</b>	<b>1,487.51</b>
Potable water consumption from town water supply	1,128.82	1,487.51
<b>W2. Units of office water used per FTE (kL/FTE)</b>	<b>21.60</b>	<b>5.94</b>
<b>W2. Units of office water used per office area (kL/m<sup>2</sup>)</b>	<b>1.04</b>	<b>0.28</b>

Water consumption for EPA employees working from home saw a decrease as fewer employees worked from home in 2022–23.

## Water use targets

EPA's water use target for 2022–23 was carried over from 2018–19.

EPA's water target for 2022–23 was a water use intensity target expressed as the number of kilolitres consumed per square metre of floor area (kL/m<sup>2</sup>).

Table 29 below presents EPA's performance against its water use intensity target showing the target was not met. This is due to the increase in water consumption. EPA is reviewing its targets for future reporting periods.

Table 29

### Current performance against Sustainability Plan targets for water

Measure	2022–23 target	2022–23 actual
Water use per year (kL/m <sup>2</sup> )	0.28	1.04



## Waste and recycling

The waste generated by EPA's staff is assumed to be separated into landfill, commingled, recycling, e-waste, paper, secure documents and compost (organics recycling).

Table 30 presents EPA's waste and recycling performance for 2022–23 and 2021–22. Data for waste and recycling was obtained from waste audits conducted by EPA.

It was assumed staff working from home only produce landfill, commingled and organic waste as these are the typical bins provided by councils, whereas staff working from the office, also produce e-waste and cardboard. As there were more staff in the offices in 2022–23, waste in these categories saw an increase.

EPA continues to work on reducing waste generation. Across the organisation upgraded signage encourages staff to separate and dispose of waste correctly, preventing commingling, and contamination. In some offices, compost bins are in operation and organic waste is used on staff gardens.

Table 30  
Waste and recycling

Indicator	2022–23	2021–22
<b>WR1. Total units of waste disposed of by waste disposal method (kg)</b>	<b>19,349</b>	<b>18,763</b>
Landfill	6,171.00	6,409.33
Commingled recycling	5,796.29	6,093.33
E-waste and other recycling	85.98	15.53
Paper and card	1,874.57	479.40
Secure documents <sup>1</sup>	-	-
Organics	5,421.23	5,765.00
<b>WR1. Total units of waste disposed of by waste disposal method (%)</b>	<b>100%</b>	<b>100%</b>
Landfill	32%	34%
Commingled recycling	30%	32%
E-waste and other recycling	0%	0%
Paper and card	10%	3%
Secure documents <sup>1</sup>	0%	0%
Organics	28%	31%
<b>WR2. Dedicated collection services provided in offices (%)</b>		
Printer cartridges	100%	100%
Batteries	0%	0%
E-waste	100%	100%
Soft plastics <sup>2</sup>	0%	0%
<b>WR2. Dedicated collection services provided in offices (%)</b>		
Printer cartridges	100%	100%
<b>WR3. Total units of waste disposed per FTE by disposal method (kg/FTE)</b>	<b>28.31</b>	<b>28.28</b>
Landfill	9.03	9.66
Commingled recycling	8.48	9.18
E-waste and other recycling	0.13	0.02
Paper and card	2.74	0.72
Secure documents <sup>1</sup>	0	0
Organics	7.93	8.69
<b>WR4. Recycling rate (% of total waste by weight)</b>	<b>68%</b>	<b>66%</b>
<b>WR5. Greenhouse gas emissions associated with waste disposal (tCO<sub>2</sub>e)</b>	<b>9.87</b>	<b>10.25</b>

Notes:

1. EPA offices do not have secure document data as those documents are shredded.
2. Soft plastics were banned from EPA offices in 2022.



## Waste targets

EPA's waste target for 2022–23 was carried over from 2018–19.

EPA's waste target for 2022–23 was a waste intensity target expressed as the quantity of waste generated per FTE employee.

Table 31 below presents EPA's performance against its waste intensity target showing that the target was met. EPA is reviewing its targets for future reporting periods.

Table 31  
Current performance against Sustainability Plan targets for waste

Measure	2022–23 target	2022–23 actual
Waste generated per FTE (kg)	60	28

## Greenhouse gas emissions

Table 32 summarises EPA's greenhouse gas emissions for 2022–23 and 2021–22.

EPA voluntarily purchases carbon offsets to achieve net zero emissions each year. The updated FRD reporting requirements ask for a breakdown of scope 1 emissions for the current

year. This is not required for the previous year; therefore, a breakdown of scope 1 emissions was not provided for 2021–22.

EPA's total greenhouse gas emissions for 2022–23 was 2,158 tCO<sub>2</sub>e.

This represents a 15% decrease in greenhouse gas emissions from 2021–22.

Table 32  
Greenhouse gas emissions

Indicator	2022–23	2021–22
<b>G1. Total scope 1 (direct) greenhouse gas emissions (tCO<sub>2</sub>e)</b>	<b>282</b>	<b>334</b>
Emissions associated with stationary fuel usage	30.94	
Carbon dioxide	30.86	
Methane	0.06	
Nitrous oxide	0.02	
Other	-	
Emissions associated with transport fuel usage	181.37	
Carbon dioxide	180.36	
Methane	0.04	
Nitrous oxide	0.97	
Other	-	
Fugitive emissions from refrigeration and air conditioning	70.05	
Carbon dioxide	-	
Methane	-	
Nitrous oxide	-	
Other	70.05	
<b>G2. Total scope 2 (indirect electricity) greenhouse gas emissions (tCO<sub>2</sub>e)</b>	<b>1,053</b>	<b>1,244</b>
<b>G3. Total scope 3 (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tCO<sub>2</sub>e)</b>	<b>60</b>	<b>19</b>
<b>G4. Total scope 3 (other indirect) greenhouse gas emissions<sup>1</sup> (tCO<sub>2</sub>e)</b>	<b>763</b>	<b>944</b>
<b>G5. Total greenhouse gas emission offsets purchased and retired (tCO<sub>2</sub>e)</b>	<b>2,300</b>	<b>2,700</b>

Note:

1. Other emissions include scope 3 emissions for transport, stationary, electricity, taxis, public transport, water, paper, catering, printing, publication, courier, working from home and staff commuting.

## Greenhouse gas emissions targets

EPA's greenhouse gas emissions target for 2022–23 was carried over from 2018–19.

EPA's greenhouse gas emissions target for 2022–23 can be found in Table 33 below.

The target was an emissions reduction target set from EPA's 2009–10 emissions baseline.

Table 33 presents EPA's performance against its greenhouse gas emissions target showing that the target was exceeded. EPA is currently reviewing its targets for future reporting periods.

Table 33  
Current performance against Sustainability Plan targets for greenhouse gas

Measure	2022–23 target	2022–23 actual
Reduction in greenhouse gas emissions	15%	55%

## Greener procurement

EPA applies social procurement criteria to all procurements with a fixed weighting of 5% to all potential suppliers.

Our goal is to purchase 100% 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:

- 95% of EPA's office paper was 100% recycled
- 100% of computer screens are LCD

- all of our printers, multi-functional devices and photocopiers, including portable printers that enable onsite printing of inspection reports, have duplex capacity and print-on-demand functionality
- all procurements more than \$30,000 include a mandatory weighted criterion for environmental management, seeking responses from suppliers that detail their environmental management practices and processes.

# Procurement

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

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

## Emergency procurement

In 2022–23, EPA activated its emergency procurement provisions on one occasion in accordance with the requirements of State Government policy and accompanying guidelines.

Ten new contracts, valued at or more than \$100,000 (incl. GST), were awarded in connection with the emergency, as described below.

Table 34  
Emergency procurement contracts

Nature of Emergency	Date of activation	Summary of goods and services procured under new contracts	Total spend on goods and services in response to the emergency	Number of new contracts awarded valued at \$100,000 (incl. GST) or more
Flood	14 October 2022	<ul style="list-style-type: none"> <li>• Soil and water sampling and monitoring for contamination and health impacts</li> <li>• River watch</li> <li>• Public communication and translation services</li> <li>• Equipment to facilitate response to emergency</li> <li>• Sampling and monitoring for contamination and health impacts</li> </ul>	\$2,636,349 <sup>1</sup>	10

Note:

1. This is the total of all expenditure, including contracts under and over \$100,000.

## Social Procurement Framework

EPA is fully committed to supporting the Victorian Government's directions under the Social Procurement Framework (SPF) and we recognise that we play a key role in advancing social and sustainable outcomes for Victorians.

In 2022–23, EPA reinforced our social procurement commitments through our updated Procurement Policy. EPA applies a minimum weighting of 5% to the social procurement criteria for all procurements.

While we encourage consideration of all SPF objectives, our primary SPF objectives were chosen based on alignment with our strategic direction.

Table 35  
Social procurement objectives 2022–23

Objective prioritised	Outcome sought	SPF reporting metric
Environmentally sustainable outputs	Project-specific requirements to use sustainable resources and to manage waste and pollution	<p>Number of procurements applying sustainability criteria particularly to improve EPA's own sustainable targets</p> <p>Number of suppliers that have adequate environmental management practises</p>
Opportunities for Victorian Aboriginal people	<p>Purchasing from Victorian Aboriginal businesses</p> <p>Employment of Victorian Aboriginal people by suppliers to the Victorian Government</p>	Number of Aboriginal business or suppliers with Aboriginal people employment policies

## Achievements

EPA undertook a policy and procedure review to further refine our social procurement obligation and objectives.

To address the 'Environmentally sustainable outputs' objective, we:

- applied sustainability criteria to the purchase of stationery, cleaning, paper, catering and venue hire
- updated response schedule for suppliers to detail their environmental management practices and processes.

To address the 'Opportunities for Victorian Aboriginal People' objective, we:

- tracked expenditure with Aboriginal businesses or businesses that have a policy of employing Aboriginal people
- introduced a mandatory assessment as part of all procurement planning for Social Procurement Policy awareness
- encouraged promoting the engagement of Aboriginal businesses or businesses that employ Aboriginal people in EPA's Aboriginal Inclusion Action Program.

## Disclosure index

Requirement	Legislation	Page
<b>Ministerial Directions</b>		
Responsible Body Declaration	SD 5.2.3	0
Vision, mission, values	MRO	3
Secretary's report or Chair's report	None	4
Manner of establishments and Minister/s	FRD 22	2
Purpose and functions	FRD 22	3
<b>Performance reporting (non-financial)</b>		
Performance against output performance measures	FRD 22, FRD 27	14
<b>Governance and organisational structure</b>		
Organisational structure and corporate governance	FRD 22	22
Board committees	FRD 22	26
Occupational health and safety	FRD 22	32
Employment and conduct principles	FRD 22	35
<b>Workforce data</b>		
Public sector values and employment principles	FRD 22	36
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# Appendices



## Independent Auditor's Report

### To the Board of the Environment Protection Authority

<b>Opinion</b>	<p>I have audited the financial report of the Environment Protection Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2023</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• declaration in the financial statements.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2023 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>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<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>

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<b>Auditor's responsibilities for the audit of the financial report</b>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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</li> <li>• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board</li> <li>• 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.</li> <li>• 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.</li> </ul> <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>
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MELBOURNE  
 12 October 2023

  
 Paul Martin  
 as delegate for the Auditor-General of Victoria

## DECLARATION IN FINANCIAL STATEMENTS

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 2023 and financial position of the Authority at 30 June 2023.

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 9 October 2023.



Professor Kate Auty  
Chairperson  
Environment Protection Authority

Melbourne  
9 October 2023



Lee Mieziš PSM  
Chief Executive Officer  
Environment Protection Authority

Melbourne  
9 October 2023



Shawn Leong  
Chief Finance Officer  
Environment Protection Authority

Melbourne  
9 October 2023

## 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 2023, which provides users with information about the Authority's stewardship of resources entrusted to it.

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

### Financial statements:

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

### Notes to the financial statements:

#### 1. About this report

The basis on which the financial statements have been prepared and compliance with reporting regulations

#### 2. Funding delivery of our services and transformation initiatives

Income recognised in respect of grants, levies, and other income sources

#### 3. The cost of delivering services and transformation initiatives

Operating expenses of the Authority

#### 4. Financial information by output

Outputs and administered (non-controlled) items

#### 5. Key assets available to support service delivery and transformation initiatives

Buildings, plant and equipment and intangible assets

#### 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

## Audited financial statements 2022–23 continued

### FINANCIAL STATEMENTS

#### COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Notes	(\$ '000)	
		2023	2022
<b>Income from transactions</b>			
Grants from Departments	2.1	45,435	38,620
Municipal and Industrial Waste levy distribution	2.1	70,709	70,777
Reportable Priority Waste levy	2.1	70,564	54,813
Other income	2.2	9,620	6,721
<b>Total income from transactions</b>		<b>196,328</b>	<b>170,931</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1.1	(94,246)	(88,977)
Grant expenses		(85)	(230)
Depreciation and amortisation	5.1.1	(12,009)	(12,083)
Interest expense	7.1.2	(62)	(70)
Other operating expenses	3.1.2	(83,193)	(62,634)
<b>Total expenses from transactions</b>		<b>(189,595)</b>	<b>(163,994)</b>
<b>Net result from transactions</b>		<b>6,733</b>	<b>6,937</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	9.6 (a)	335	(88)
Net (loss)/gain on statutory receivables	9.6 (b)	(1,996)	(2,402)
Other (loss)/gain from other economic flows	9.6 (c)	(845)	(563)
<b>Total other economic flows included in net result</b>		<b>(2,506)</b>	<b>(3,053)</b>
<b>Net result</b>		<b>4,227</b>	<b>3,884</b>
<b>Other economic flows- other comprehensive income</b>			
Items that will not be reclassified to net result		-	-
<b>Comprehensive result</b>		<b>4,227</b>	<b>3,884</b>

The accompanying notes form part of these financial statements.

### FINANCIAL STATEMENTS

#### BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	(\$ '000)	
		2023	2022
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	7.2	38,096	56,788
Receivables	6.1	64,198	65,764
<b>Total financial assets</b>		<b>102,294</b>	<b>122,552</b>
<b>Non-financial assets</b>			
Non-financial physical assets classified as held-for-sale	9.5	28	194
Other non-financial assets	6.3	6,225	3,563
Property, plant and equipment	5.1	16,527	16,256
Intangible assets	5.2	38,857	44,485
<b>Total non-financial assets</b>		<b>61,637</b>	<b>64,498</b>
<b>Total assets</b>		<b>163,931</b>	<b>187,050</b>
<b>Liabilities</b>			
Payables	6.2	9,741	14,856
Borrowings-lease liabilities	7.1	2,762	3,066
Employee-related provisions	3.1.1	17,262	17,173
Provisions	6.4	7,270	29,286
<b>Total liabilities</b>		<b>37,035</b>	<b>64,381</b>
<b>Net assets</b>		<b>126,896</b>	<b>122,669</b>
<b>Equity</b>			
Accumulated surplus		119,446	115,219
Contributed capital		3,741	3,741
Physical asset revaluation surplus		3,709	3,709
<b>Net worth</b>		<b>126,896</b>	<b>122,669</b>

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	(\$ '000)			
	Physical asset revaluation surplus	Accumulated surplus	Contributed capital	Total
Balance at 30 June 2021	3,709	111,335	3,741	118,785
Net result for year	-	3,884	-	3,884
Balance at 30 June 2022	3,709	115,219	3,741	122,669
Net result for year	-	4,227	-	4,227
Balance at 30 June 2023	3,709	119,446	3,741	126,896

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS

CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Notes	(\$ '000)	
		2023	2022
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Government		129,596	165,665
Receipts from other entities		69,783	53,448
Goods and services tax recovered from the ATO (i)		9,926	10,069
<b>Total receipts</b>		<b>209,305</b>	<b>229,182</b>
<b>Payments</b>			
Payments of grants and other transfers		(85)	(230)
Payments to suppliers and employees		(221,395)	(216,249)
Interest and other costs of finance paid		(62)	(70)
<b>Total payments</b>		<b>(221,542)</b>	<b>(216,549)</b>
<b>Net cash flows from/ (used in) operating activities</b>	7.2.1	<b>(12,237)</b>	<b>12,663</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of non-financial assets		166	-
Purchases of non-financial assets		(5,883)	(778)
<b>Net cash flows from/ (used in) investing activities</b>		<b>(5,717)</b>	<b>(778)</b>
<b>Cash flows from financing activities</b>			
Repayment of leases		(738)	(423)
<b>Net cash flows from/ (used in) financing activities</b>		<b>(738)</b>	<b>(423)</b>
<b>Net increase/(decrease) in cash and cash deposits</b>		<b>(18,692)</b>	<b>11,432</b>
Cash and cash deposits at beginning of the financial year		56,788	45,356
<b>Cash and cash deposits at end of the financial year</b>	7.2	<b>38,096</b>	<b>56,788</b>

Notes:

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

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ABOUT THIS REPORT

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

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

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

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

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

Basis of preparation

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

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

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

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

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

Compliance information

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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.

Structure

- 2.1 Summary of income that funds the delivery of our services and transformation initiatives.
- 2.2 Other income

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

Other income comprises earnings on investments and litter fines.

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

	Notes	(\$ '000)	
		2023	2022
Grants from the Department		45,435	38,620
Municipal and Industrial Waste levy distribution from the Department		70,709	70,777
Reportable Priority Waste levy		70,564	54,813
Other income	2.2	9,620	6,721
<b>Total income from transactions</b>		<b>196,328</b>	<b>170,931</b>

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2.2 Other income

	(\$ '000)	
	2023	2022
Licence levy	478	432
Interest	2,694	280
Litter fines	3,597	3,733
Miscellaneous	2,540	1,979
Environment audit fees	311	297
<b>Total other income</b>	<b>9,620</b>	<b>6,721</b>

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. THE COST OF DELIVERING SERVICES AND TRANSFORMATION INITIATIVES

Introduction

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

Structure

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

In 2022-23, the Authority continued the clean-up of a number of waste stockpiles in Victoria-

3.1 Expenses incurred in delivery of services and transformation initiatives

	Notes	(\$ '000)	
		2023	2022
Employee expenses	3.1.1	94,246	88,977
Grant expenses		85	230
Other operating expenses	3.1.2	83,193	62,634
<b>Total expenses incurred in delivery of services and transformation initiatives</b>		<b>177,524</b>	<b>151,841</b>

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.

3.1.1 Employee benefits

3.1.1(a) Employee benefits - comprehensive operating statement

	(\$ '000)	
	2023	2022
Salary and wages, annual leave and long service leave	84,593	78,596
Termination benefits	1,461	2,765
Post-employment benefits:		
Defined contribution superannuation expense	8,100	7,512
Defined benefit superannuation expense	92	104
<b>Total employee expenses</b>	<b>94,246</b>	<b>88,977</b>

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

3.1.1(b) Employee benefits in the balance sheet

	(\$ '000)	
	2023	2022
<b>Current provisions:</b>		
Annual leave		
Unconditional and expected to be settled within 12 months	7,820	7,480
Long service leave		
Unconditional and expected to be settled within 12 months	433	558
Unconditional and expected to be settled after 12 months	4,971	4,296
Provisions for on-costs		
Unconditional and expected to be settled within 12 months	76	98
Unconditional and expected to be settled after 12 months	876	757
<b>Total current provisions for employee benefits</b>	<b>14,176</b>	<b>13,189</b>
<b>Non-current provisions:</b>		
Conditional long service leave	2,624	3,387
On-costs	462	597
<b>Total non-current provisions for employee benefits</b>	<b>3,086</b>	<b>3,984</b>
<b>Total provisions for employee benefits</b>	<b>17,262</b>	<b>17,173</b>

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

Reconciliation of movement in on-cost provisions

	(\$ '000)	
	2023	2022
<b>Opening balance as at 1 July 2022</b>	<b>1,452</b>	-
Additional provisions recognised	-	-
Reduction resulting from re-measurement or settlement without cost	(37)	-
Unwind of discount and effect of changes in the discount rate	-	-
<b>Closing balance as at 30 June 2023</b>	<b>1,415</b>	-
Current	953	-
Non-current	462	-

NOTES TO THE FINANCIAL STATEMENTS

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

Wages, salaries and annual leave

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

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

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

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

Employment on-costs such as payroll tax, workers compensation and superannuation are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

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

The components of these liabilities are measured at:

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**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 expended in relation to the major employee superannuation funds and contributions made by the Authority are as follows:

	Paid Contribution for the year	
	(\$ '000)	
	2023	2022
<b>Defined benefit plans (i):</b>		
Emergency Services and State Superannuation Fund (ESS)	92	104
<b>Total defined benefit plans</b>	<b>92</b>	<b>104</b>
<b>Defined contribution plans:</b>		
Aware Super	3,941	4,431
Other	4,159	3,080
<b>Total defined contribution plans</b>	<b>8,100</b>	<b>7,511</b>
<b>Total</b>	<b>8,192</b>	<b>7,615</b>

Notes:

(i) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans. There are no outstanding contributions at year-end.

**3.1.2 Other operating expenses**

	(\$ '000)	
	2023	2022
Consultants and contracted services	32,477	17,025
Agency costs	6,026	4,416
Shared services management fee	1,579	1,816
Occupancy and utilities	1,148	805
Supplies and services	31,344	26,019
Waste Site Remediation Works	10,265	12,243
Lease payments	354	310
<b>Total other operating expenses</b>	<b>83,193</b>	<b>62,634</b>

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**4. FINANCIAL INFORMATION BY OUTPUT**

**Introduction**

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

**Structure**

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

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

**Distinction between controlled and administered items**

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

**4.1 Authority (controlled) outputs**

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

**4.2 Administered (non-controlled) items**

The Authority administers or manages other activities on behalf of the state. The transactions relating to these state activities are reported as administered items in this note. Administered transactions give rise to income, expenses, assets and liabilities and are determined on an accrual basis. Administered income includes license fees, registration fees and infringement fees.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

4.2 Administered (non-controlled) items (continued)

	(\$ '000)	
	2023	2022
<b>Administered income from transactions</b>		
Regulatory fees	20,438	17,622
Miscellaneous	1,297	850
Fines	1,103	1,349
User charges	279	507
<b>Total administered income from transactions</b>	<b>23,117</b>	<b>20,328</b>
Payments into the consolidated fund	(10,115)	(18,772)
<b>Total administered expenses from transactions</b>	<b>(10,115)</b>	<b>(18,772)</b>
<b>Administered net result from transactions (net operating balance) for the year</b>	<b>13,002</b>	<b>1,556</b>
<b>Administered other economic flows included in administered net result</b>		
Net gain/(loss) on receivables	(33)	(15)
<b>Total administered other economic flows included in administered net result</b>	<b>(33)</b>	<b>(15)</b>
<b>Total administered comprehensive result for the year</b>	<b>12,969</b>	<b>1,541</b>
<b>Administered financial assets</b>		
Cash and deposits	14,500	10,300
Receivables	136,970	121,242
Accrued income	122,783	105,280
<b>Total administered financial assets</b>	<b>274,253</b>	<b>236,822</b>
<b>Total administered assets</b>	<b>274,253</b>	<b>236,822</b>
<b>Administered liabilities</b>		
Creditors and accruals (i)	258,331	233,887
Unearned income	40	22
<b>Total administered liabilities</b>	<b>258,371</b>	<b>233,909</b>
<b>Total administered net assets</b>	<b>15,882</b>	<b>2,913</b>

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

NOTES TO THE FINANCIAL STATEMENTS

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

Introduction

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

Structure

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

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

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

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

5.1 Property, plant and equipment

	(\$ '000)	
	2023	2022
<b>Buildings leasehold improvements</b>		
At fair value – external valuation	14,110	14,110
Less: accumulated depreciation	(12,403)	(11,845)
At fair value	16,456	16,449
Less: accumulated depreciation	(13,614)	(12,318)
<b>Total buildings leasehold improvements</b>	<b>4,549</b>	<b>6,396</b>
<b>Plant and equipment</b>		
At fair value	23,635	21,268
Less: accumulated depreciation	(16,728)	(15,646)
<b>Total plant and equipment</b>	<b>6,907</b>	<b>5,622</b>
<b>Work-in-progress</b>		
At cost	2,342	1,368
<b>Total work-in-progress</b>	<b>2,342</b>	<b>1,368</b>
<b>Right of use - motor vehicles</b>		
At fair value	3,834	3,637
Less: accumulated depreciation	(1,105)	(767)
<b>Total right of use - motor vehicles</b>	<b>2,729</b>	<b>2,870</b>
<b>Net carrying amount of property, plant and equipment</b>	<b>16,527</b>	<b>16,256</b>

NOTES TO THE FINANCIAL STATEMENTS

5.1 Property, plant and equipment (continued)

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

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

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

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

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

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

5.1.1 Depreciation and amortisation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

5.1.1 Depreciation and amortisation (continued)

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

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

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

Charge for the period

	(\$ '000)	
	2023	2022
Building leasehold improvements	1,854	1,866
Right of use asset - motor vehicles	574	558
Plant and equipment	1,563	1,614
Software	8,018	8,045
<b>Total depreciation and amortisation</b>	<b>12,009</b>	<b>12,083</b>

NOTES TO THE FINANCIAL STATEMENTS

5.1.2 Reconciliation of movements in carrying values of property, plant and equipment

	(\$ '000)				
	Buildings leasehold improvements at valuation and fair value	Plant and equipment at fair value	Motor vehicles (ROU) at fair value	Work-in-progress	Total
<b>2023</b>					
Opening balance	6,396	5,622	2,870	1,368	16,256
Additions	7	2,912	592	2,197	5,708
Disposals	-	(64)	(124)	-	(188)
Transfer to:	-	-	-	-	-
Non-financial assets held for sale	-	-	(34)	-	(34)
Plant and equipment	-	-	-	(270)	(270)
Intangible assets	-	-	-	(953)	(953)
Depreciation	(1,854)	(1,563)	(575)	-	(3,992)
<b>Closing balance</b>	<b>4,549</b>	<b>6,907</b>	<b>2,729</b>	<b>2,342</b>	<b>16,527</b>
<b>2022</b>					
Opening balance	8,214	6,892	2,321	2,848	20,275
Additions	48	984	1,893	761	3,686
Disposals	-	(640)	(592)	-	(1,232)
Transfer to:	-	-	-	-	-
Non-financial assets held for sale	-	-	(194)	-	(194)
Plant and equipment	-	-	-	(600)	(600)
Intangible assets	-	-	-	(1,641)	(1,641)
Depreciation	(1,866)	(1,614)	(558)	-	(4,038)
<b>Closing balance</b>	<b>6,396</b>	<b>5,622</b>	<b>2,870</b>	<b>1,368</b>	<b>16,256</b>

5.2 Intangible assets

	(\$ '000)	
	2023	2022
<b>Gross carrying amount at cost</b>		
Opening balance	77,632	75,991
Transfer from work-in-progress	953	1,641
Additions to software	1,437	-
<b>Closing balance</b>	<b>80,022</b>	<b>77,632</b>
<b>Accumulated amortisation</b>		
Opening balance	(33,147)	(25,102)
Amortisation expense (i)	(8,018)	(8,045)
<b>Closing balance</b>	<b>(41,165)</b>	<b>(33,147)</b>
<b>Net book value at the end of the financial year</b>	<b>38,857</b>	<b>44,485</b>

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

NOTES TO THE FINANCIAL STATEMENTS

5.2 Intangible assets (continued)

Initial recognition

Intangible assets are measured at cost less accumulated amortisation and impairment. Capitalised software costs are amortised on a straight-line basis over their useful lives of 3 to 10 years for both current and prior years.

For software intangibles, when the recognition criteria in AASB 138 *Intangible assets* are met (this criteria includes the asset can be separately identifiable, with an expected future economic benefit which ~~is~~ can be reliably measured, internally generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment.

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

Subsequent measurement

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

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

Impairment of intangible assets

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

## Audited financial statements 2022–23 continued

### NOTES TO THE FINANCIAL STATEMENTS

#### 6. OTHER ASSETS AND LIABILITIES

##### Introduction

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

##### Structure

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

#### 6.1 Receivables

	(\$ '000)	
	2023	2022
<b>Contractual</b>		
Trade debtors	211	191
<b>Statutory</b>		
Amounts owing from the Public Account (i)	780	-
Fines and regulatory fees	28,435	19,882
Allowance for impairment losses of statutory receivables	(2,823)	(2,954)
Amounts owing from the Department (ii)	18,869	32,322
Accrued income - Environment Protection Fund (iii)	15,064	13,909
GST input tax credit recoverable	3,662	2,414
<b>Total receivables</b>	<b>64,198</b>	<b>65,764</b>
Represented by:		
Current receivables	64,198	65,764
Non-current receivables	-	-

##### Notes:

- (i) The amounts recognised from Victorian Government represent funding for all commitments incurred through the Environment Protection Fund and are drawn from the Public Account as the commitments fall due.
- (ii) In 2022-23, the Authority drew down previously recognised Government's funding commitments for the remediation works to mitigate contaminated sites. Refer Note 6.4.
- (iii) Accrued income comprises estimated RPW levies which remained unpaid at 30 June 2023.

**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.

### NOTES TO THE FINANCIAL STATEMENTS

#### 6.2 Payables

	(\$ '000)	
	2023	2022
<b>Current payables</b>		
Accounts payable	2,836	2,997
Accruals	5,286	10,718
Salaries and other employee entitlements	1,619	1,141
<b>Total current payables</b>	<b>9,741</b>	<b>14,856</b>

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

#### 6.2.1 Maturity analysis of contractual payables

	(\$ '000)						
	Carrying amounts	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years
<b>2023</b>							
Accounts payable	2,836	2,836	2,247	426	163	-	-
Accruals	5,286	5,286	5,286	-	-	-	-
Salaries and other employee entitlements	1,619	1,619	1,619	-	-	-	-
<b>Total</b>	<b>9,741</b>	<b>9,741</b>	<b>9,152</b>	<b>426</b>	<b>163</b>	<b>-</b>	<b>-</b>
<b>2022</b>							
Accounts payable	2,997	2,997	2,891	29	77	-	-
Accruals	10,718	10,718	10,718	-	-	-	-
Salaries and other employee entitlements	1,141	1,141	1,141	-	-	-	-
<b>Total</b>	<b>14,856</b>	<b>14,856</b>	<b>14,750</b>	<b>29</b>	<b>77</b>	<b>-</b>	<b>-</b>

Maturity analysis is presented using the contractual undiscounted cash flows.

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

#### 6.3 Other non-financial assets

	(\$ '000)	
	2023	2022
Prepayments	6,225	3,563
<b>Total current other non-financial assets</b>	<b>6,225</b>	<b>3,563</b>

**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.

NOTES TO THE FINANCIAL STATEMENTS

6.4 Other provisions

	(\$ '000)	
	2023	2022
<b>Current provisions</b>		
Waste site rehabilitation works (i)	5,779	27,971
<b>Total current provisions</b>	<b>5,779</b>	<b>27,971</b>
<b>Non-current provisions</b>		
Waste site rehabilitation (i)	-	-
Lease make-good provision (ii)	1,491	1,315
<b>Total non-current provisions</b>	<b>1,491</b>	<b>1,315</b>
<b>Total provisions</b>	<b>7,270</b>	<b>29,286</b>

Notes:

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

**Other provisions** are recognised when the Authority has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision, is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

**Waste site rehabilitation works**

During 2020-21, the Authority exercised its powers under the *Environment Protection Act 1970* to take over management of a site at Lemon Springs for environmental remediation works. The Authority engaged principal contractors and remediation works continued during 2022-23.

Refer to note 8.1 for additional disclosure regarding this site rehabilitation.

**Lease make-good provision**

The lease make-good provision 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.

NOTES TO THE FINANCIAL STATEMENTS

6.4 Other provisions (continued)

6.4.1 Reconciliation of movements in other provisions

	(\$ '000)		
	Waste site rehabilitation works	Lease make-good provision	Total
<b>2023</b>			
<b>Opening balance</b>	<b>27,971</b>	<b>1,315</b>	<b>29,286</b>
Additional provisions recognised (i)	5,779	176	5,955
Reduction arising from payments	(27,798)	-	(27,798)
Reduction resulting in re-measurement	(173)	-	(173)
<b>Closing balance</b>	<b>5,779</b>	<b>1,491</b>	<b>7,270</b>
<b>2022</b>			
<b>Opening balance</b>	<b>74,676</b>	<b>1,465</b>	<b>76,141</b>
Additional provisions recognised (i)	10,000	-	10,000
Reduction arising from payments	(56,123)	-	(56,123)
Reduction resulting in re-measurement	(582)	(150)	(732)
<b>Closing balance</b>	<b>27,971</b>	<b>1,315</b>	<b>29,286</b>

Notes:

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

NOTES TO THE FINANCIAL STATEMENTS

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	Motor vehicle leases
7.5	Commitments for expenditure
7.5.1	Total commitments payable

7.1 Borrowings

	(\$ '000)	
	2023	2022
<b>Current borrowings</b>		
Lease liabilities (i)	1,126	1,044
<b>Total current borrowings</b>	<b>1,126</b>	<b>1,044</b>
<b>Non-current borrowings</b>		
Lease liabilities (i)	1,636	2,022
<b>Total non-current borrowings</b>	<b>1,636</b>	<b>2,022</b>
<b>Total borrowings</b>	<b>2,762</b>	<b>3,066</b>

Notes:

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

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

Leases

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

**Lease liability** is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

NOTES TO THE FINANCIAL STATEMENTS

7.1.1 Maturity analysis of borrowings

	(\$ '000)						
	Carrying amount	Nominal amount	Maturity dates				
2023			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	
Lease liabilities	2,762	2,822	412	85	667	1,658	-
<b>Total</b>	<b>2,762</b>	<b>2,822</b>	<b>412</b>	<b>85</b>	<b>667</b>	<b>1,658</b>	<b>-</b>
2022							
Lease liabilities	3,066	3,160	343	137	617	2,063	-
<b>Total</b>	<b>3,066</b>	<b>3,160</b>	<b>343</b>	<b>137</b>	<b>617</b>	<b>2,063</b>	<b>-</b>

7.1.2 Interest expense

	(\$ '000)	
	2023	2022
Interest on leases	62	70
<b>Total interest expense</b>	<b>62</b>	<b>70</b>

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

7.2 Cash flow information and balances

Cash and deposits recognised on the balance sheet comprise cash on hand and cash at bank and deposits at call

Due to the state of Victoria's investment policy and government funding arrangements, government departments (including the Authority) generally do not hold a large cash reserve in their bank accounts. Cash received by the Authority from the generation of income is generally paid into the state's bank account, known as the Public Account.

Similarly, any Authority expenditure, for the payment of goods and services to its trade creditors, is made via the Public Account. The process is such that, the Public Account would remit to the Authority the cash required for the amount drawn on the cheques. This remittance by the Public Account occurs upon the presentation of the cheques by the Authority's suppliers or creditors.

As at 30 June 2023, deposits held with the Central Banking System had a floating interest rate of 4.0%.

	(\$ '000)	
	2023	2022
Deposits held with Central Banking System	38,096	56,788
<b>Balance as per cash flow statement</b>	<b>38,096</b>	<b>56,788</b>

## Audited financial statements 2022–23 continued

### NOTES TO THE FINANCIAL STATEMENTS

#### 7.2.1 Reconciliation of net result to cash flow from operating activities

	(\$ '000)	
	2023	2022
<b>Net result for the year</b>	<b>4,227</b>	<b>3,884</b>
<b>Non-cash movements:</b>		
(Gain)/loss on sale or disposal of non-current assets	(335)	88
Depreciation and amortisation of non-current assets	12,009	12,083
Gain/(loss) on statutory receivables	1,996	2,402
<b>Movements in assets and liabilities:</b>		
(Increase)/decrease in receivables	(430)	44,549
(Increase)/decrease in other non-financial assets	(2,662)	19
Increase/(decrease) in payables	(5,115)	3
Increase/(decrease) in provisions	(21,927)	(50,395)
<b>Net cash flows from operating activities</b>	<b>(12,237)</b>	<b>12,633</b>

#### 7.3 Trust account balances

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

#### 7.4 Motor vehicle leases

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

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

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

	Notes	(\$ '000)			
		Minimum future lease payments (i)		Present value of minimum future lease payments	
		2023	2022	2023	2022
<b>Lease liabilities payable</b>					
Not longer than one year		1,164	1,097	1,126	1,044
Longer than one year and not longer than five years		1,658	2,063	1,636	2,022
Minimum future lease payments		2,822	3,160	2,762	3,066
Less: future finance charges		(60)	(94)	-	-
<b>Present value of minimum lease payments</b>		<b>2,762</b>	<b>3,066</b>	<b>2,762</b>	<b>3,066</b>
<b>Included in the financial statements as:</b>					
Current borrowings lease liabilities	7.1	1,126	-	1,126	1,044
Non-current borrowings lease liabilities	7.1	1,636	-	1,636	2,022
<b>Total borrowings lease liabilities</b>		<b>2,762</b>	<b>-</b>	<b>2,762</b>	<b>3,066</b>

Notes:

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

### NOTES TO THE FINANCIAL STATEMENTS

#### 7.5 Commitments for expenditure

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

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

#### 7.5.1 Total commitments payable

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

	(\$ '000)			
	Less than year	1-5 years	5+ years	Total
<b>2023</b>				
Capital expenditure	12	148	0	160
Operating	21,513	31,902	506	53,921
<b>Total Commitment (inclusive of GST)</b>	<b>21,525</b>	<b>32,050</b>	<b>506</b>	<b>54,081</b>
Less GST recoverable	1,957	2,914	46	4,917
<b>Total commitments (exclusive of GST)</b>	<b>19,568</b>	<b>29,136</b>	<b>460</b>	<b>49,164</b>
<b>2022</b>				
Capital Expenditure	875	130	25	1,030
Operating	8,854	26,645	-	35,499
<b>Total commitment (inclusive of GST)</b>	<b>9,729</b>	<b>26,775</b>	<b>25</b>	<b>36,529</b>
Less GST recoverable	884	2,434	2	3,320
<b>Total commitments (exclusive of GST)</b>	<b>8,845</b>	<b>24,341</b>	<b>23</b>	<b>33,209</b>

NOTES TO THE FINANCIAL STATEMENTS

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	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 2023 (2022: Nil).

**Contingent liabilities** are:

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

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

The Authority has the following non-quantifiable contingent liabilities:

- 1) At 30 June 2023, the Authority has a number of civil litigation matters, for which the Authority may be liable for legal costs if unsuccessful. Due to the diversity of issues associated with these matters and the opportunity for new evidence to be adduced during the court process, it is not possible to reliably quantify the financial effect of litigation and it is therefore impractical to do so.
- 2) The Authority has recognised a liability for works related to multiple contaminated sites (Note 6.4). On completion of the works, the Authority may have a further unquantified obligation, dependent upon subsequent tests and community negotiation. Therefore, quantification of the financial effect, if any, cannot be reliably estimated and it is therefore impractical to do so.

NOTES TO THE FINANCIAL STATEMENTS

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).

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

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

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

Categories of financial assets under AASB 9

Financial assets at amortised cost

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

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

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

The Authority recognises the following assets in this category:

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

Categories of financial liabilities

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

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

**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

NOTES TO THE FINANCIAL STATEMENTS

8.2 Financial instruments (continued)

- has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

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

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

8.2.1 Financial risk management categorisation

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

			(\$ '000)
	Category	Note	2023
<b>Contractual financial assets</b>			
Cash and cash deposits	Cash and cash deposits	7.2	38,096
Receivables	Contractual financial assets at amortised cost	6.1	211
<b>Total contractual financial assets (i)</b>			<b>38,307</b>
<b>Contractual financial liabilities</b>			
Payables	Financial liabilities at amortised cost	6.2	9,741
Lease liabilities	Financial liabilities at amortised cost	7.1	2,762
<b>Total contractual financial liabilities (ii)</b>			<b>12,503</b>

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

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).

NOTES TO THE FINANCIAL STATEMENTS

8.2.2 Financial risk management objectives and policies

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

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 8.3 to the financial statements.

Credit risk

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

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

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

Credit quality of financial assets

	(\$ '000)			
	Financial institution (double-A credit rating)	Government agencies (double-A credit rating)	Other agency (min. triple-B credit rating)	Total
<b>2023</b>				
<b>Financial assets</b>				
Cash and cash deposits	38,096	-	-	38,096
Receivables:				
Contractual	-	211	-	211
Statutory (net of impairment)	-	23,311	40,676	63,987
<b>Total financial assets</b>	<b>38,096</b>	<b>23,522</b>	<b>40,676</b>	<b>102,294</b>
<b>2022</b>				
<b>Financial assets</b>				
Cash and cash deposits	56,788	-	-	56,788
Receivables:				
Contractual	-	191	-	191
Statutory (net of impairment)	-	34,736	30,837	65,573
<b>Total financial assets</b>	<b>56,788</b>	<b>34,927</b>	<b>30,837</b>	<b>122,552</b>

Statutory receivables at amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS

8.2.2 Financial risk management objectives and policies (continued)

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. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

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.

Interest rate exposure of contractual financial instruments

	Weighted average interest rate %	Carrying amount	Interest rate exposure (\$ '000)		
			Fixed interest rate	Variable interest rate	Non-interest bearing
<b>2023</b>					
<b>Financial assets</b>					
Cash and cash deposits	4.00%	38,096	-	38,096	-
Receivables:					
Trade debtors		211	-	-	211
<b>Total financial assets</b>		<b>38,307</b>	<b>-</b>	<b>38,096</b>	<b>211</b>
<b>Financial liabilities</b>					
Payables		9,741	-	-	9,741
Lease liabilities	2.26%	2,762	2,762	-	-
<b>Total financial liabilities</b>		<b>12,503</b>	<b>2,762</b>	<b>-</b>	<b>9,741</b>
<b>2022</b>					
<b>Financial assets</b>					
Cash and cash deposits	1.00%	56,788	-	56,788	-
Receivables:					
Trade debtors		191	-	-	191
<b>Total financial assets</b>		<b>56,979</b>	<b>-</b>	<b>56,788</b>	<b>191</b>
<b>Financial liabilities</b>					
Payables		14,856	-	-	14,856
Lease liabilities	3.10%	3,066	3,066	-	-
<b>Total financial liabilities</b>		<b>17,922</b>	<b>3,066</b>	<b>-</b>	<b>14,856</b>

NOTES TO THE FINANCIAL STATEMENTS

8.2.2 Financial risk management objectives and policies (continued)

Sensitivity disclosure analysis and assumptions

Considering past performance, future expectations, economic forecasts and management’s knowledge and experience of the financial markets, the Authority believes the following movements are ‘reasonably possible’ over the next 12 months:

- a movement of 0.75 basis points up and down (2022: 0.75 basis points up and down) in market interest rates (AUD) from year-end rates of 0.75 per cent (2022: 0.75 per cent).

Interest rate risk sensitivity

	Carrying amount	Interest rate risk (\$ '000)			
		-75 basis points Net result	Equity	+75 basis points Net result	Equity
<b>2023</b>					
<b>Contractual financial assets:</b>					
Cash and cash deposits (i)	38,096	(286)	(286)	286	286
Receivables	211	-	-	-	-
<b>Contractual financial liabilities:</b>					
Payables	9,741	-	-	-	-
Lease liabilities	2,762	-	-	-	-
<b>Total impact</b>	<b>50,810</b>	<b>(286)</b>	<b>(286)</b>	<b>286</b>	<b>286</b>
<b>2022</b>		- 75 basis points		+ 75 basis points	
<b>Contractual financial assets:</b>					
Cash and cash deposits (i)	56,788	(426)	(426)	426	426
Receivables	191	-	-	-	-
<b>Contractual financial liabilities:</b>					
Payables	14,856	-	-	-	-
Lease liabilities	3,066	-	-	-	-
<b>Total impact</b>	<b>74,901</b>	<b>(426)</b>	<b>(426)</b>	<b>426</b>	<b>426</b>

Notes:  
 (i) Sensitivities to these movements are calculated as follows:  
 □ 2023: \$38.096m x -0.0075= -\$286,000 and \$38.096m x +0.0075=\$286,000  
 □ 2022: \$56.788m x -0.0075= -\$426,000 and \$56.788m x +0.0075=\$426,000

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.

NOTES TO THE FINANCIAL STATEMENTS

8.3 Fair value determination (continued)

Fair value hierarchy

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

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

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

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

How this section is structured

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

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

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

Fair value determination: property, plant and equipment

	Carrying Amount	Fair value measurement at the end of the reporting period using:		
		Level 1	Level 2	Level 3
<b>2023</b>				
Building leasehold improvements	4,549	-	-	4,549
Plant and equipment	6,907	-	-	6,907
Leased motor vehicles	2,729	-	-	2,729
<b>2022</b>				
Building leasehold improvements	6,396	-	-	6,396
Plant and equipment	5,622	-	-	5,622
Leased motor vehicles	2,870	-	-	2,870

NOTES TO THE FINANCIAL STATEMENTS

8.3 Fair value determination (continued)

Building leasehold improvements

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

Plant and equipment

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

There were no changes in valuation techniques throughout the period 30 June 2023. 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

	(\$ '000)		
	Buildings leasehold improvements	Plant and equipment	Leased motor vehicles
<b>2023</b>			
<b>Opening Balance</b>	<b>6,396</b>	<b>5,622</b>	<b>2,870</b>
Purchases	7	2,912	592
Disposals	-	(64)	(124)
Revaluation Increment	-	-	-
Depreciation	(1,854)	(1,563)	(575)
Transfer assets held for sale	-	-	(34)
<b>Closing balance</b>	<b>4,549</b>	<b>6,907</b>	<b>2,729</b>
<b>2022</b>			
<b>Opening Balance</b>	<b>8,214</b>	<b>6,892</b>	<b>2,321</b>
Purchases	48	984	1,893
Disposals	-	(640)	(592)
Depreciation	(1,866)	(1,614)	(558)
Transfer assets held for sale	-	-	(194)
<b>Closing balance</b>	<b>6,396</b>	<b>5,622</b>	<b>2,870</b>

Description of significant unobservable inputs to Level 3 valuations

2022 and 2023	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.

## NOTES TO THE FINANCIAL STATEMENTS

### 8.3 Fair value determination (continued)

#### Fair value determination: financial assets and liabilities

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

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

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

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

#### Off-balance sheet

The Authority has accepted financial assurances (bank guarantees) that it may draw down on if required. These have a monetary face value which approximates their carrying value. The value of these financial assurances is \$538.5 million (2022: \$462.4 million).

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

## NOTES TO THE FINANCIAL STATEMENTS

### 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 Other economic flows included in net result
- 9.7 Subsequent events
- 9.8 Ex gratia expenses
- 9.9 Changes in accounting policy
- 9.10 Australian Accounting Standards issued that are not yet effective
- 9.11 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 Action:	The Hon. Lily D'Ambrosio MP (1 July 2022 to 4 December 2022)
Minister for Environment	Ingrid Stitt MP (5 December 2022 to 30 June 2023)
Responsible Body:	Governing Board comprised: Professor Kate Auty – Chairperson: (1 July 2022 to 30 June 2023) Mr Greg Tweedly – Deputy Chairperson (1 July 2022 to 30 June 2023) Ms Monique Conheady (1 July 2022 to 30 June 2023) Mr Graeme Ford (1 July 2022 to 30 June 2023) Dr Ross Pilling (1 July 2022 to 30 June 2023) Emeritus Professor Joan Ozanne-Smith AO (1 July 2022 to 30 June 2023) Ms Kay Rundle (1 July 2022 to 30 June 2023) Ms Margaret Donnan (1 July 2022 to 30 June 2023) Dr Catherine Lopes (1 July 2022 to 30 June 2023)
Accountable Officer	Lee Miezis - CEO (1 July 2022 to 30 June 2023)

NOTES TO THE FINANCIAL STATEMENTS

9.1 Responsible Persons (continued)

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

Remuneration

Remuneration received or receivable by the Accountable Officer's (Chief Executive Officer) in connection with the management of the Authority during the reporting period was in the range: \$468,947 (2023: \$460,000-\$470,000).

Total remuneration received or due and receivable by the Governing Board from the Authority was in the range of \$391,768 (2023: \$390,000-\$400,000). The ranges of individual Governing Board member remuneration are outlined below.

Remuneration	2023	2022
\$0 - \$9,999	-	2
\$10,000 - \$19,999	-	-
\$20,000 - \$29,999	-	-
\$30,000 - \$39,999	-	5
\$40,000 - \$49,999	8	1
\$50,000 - \$59,999	-	-
\$60,000 - \$69,999	-	-
\$70,000 - \$79,999	-	-
\$80,000 - \$89,999	-	1
\$90,000 - \$99,999	1	-
Total number of Board Members	9	9

9.2 Remuneration of executives

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

9.2 Remuneration of executives (continued)

Remuneration	(\$ '000)	
	2023	2022
Salaries and other short-term employee benefits (i)	3010	3,691
Post-employment benefits	299	376
Other long-term employment benefits	74	74
Termination benefits	-	177
<b>Total remuneration</b>	<b>3,383</b>	<b>4,318</b>
<b>Total number of executives</b>	<b>14</b>	<b>17</b>
<b>Total annualised employee equivalents (ii)</b>	<b>13.24</b>	<b>16.76</b>

Notes:

(i) The comparative period has been restated to reflect termination benefits disclosed.

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

9.3 Related parties

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

Related parties of the Authority include:

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

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

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

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

Remuneration	(\$ '000)	
	2023	2022
Salaries and other short-term employee benefits	1,954	2,220
Post-employment benefits	160	186
Other long-term employment benefits	49	40
<b>Total</b>	<b>2,163</b>	<b>2,446</b>

NOTES TO THE FINANCIAL STATEMENTS

9.3 Related parties (continued)

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.

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

Significant transactions with government-related parties

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

	(\$ '000)	
	2023	2022
Receipts		
Amounts recognised as income in the comprehensive operating statement. Grants from the Department of Energy, Environment and Climate Change for the operations of the Authority	116,144	106,860
	<b>116,144</b>	<b>106,860</b>
Payments		
Specific purpose grants paid to Victorian Government entities	-	37
	-	<b>37</b>

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: \$466.9 million (2022: \$394.7 million) collected and passed onto the Department from M&I Landfill levy. In addition, the Authority made payments of \$10.1million (2022: \$18.7 million) into the consolidated fund for other administered (non-controlled) items.

9.4 Remuneration of auditors

	(\$ '000)	
	2023	2022
Victorian Auditor-General's Office		
Audit of the financial statements	115	78
<b>Total remuneration of auditors</b>	<b>115</b>	<b>78</b>

NOTES TO THE FINANCIAL STATEMENTS

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

	(\$ '000)	
	2023	2022
Leased vehicles held-for-sale (i) – opening balance	194	57
Assets identified for disposal during the year	28	194
Asset disposals	(194)	(57)
<b>Total non-financial assets classified as held-for-sale</b>	<b>28</b>	<b>194</b>

Notes:

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

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

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

9.6 Other economic flows included in net result

	(\$ '000)	
	2023	2022
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property, plant and equipment	335	(88)
<b>Total net gain/(loss) on non-financial assets</b>	<b>335</b>	<b>(88)</b>
(b) Net (loss)/gain on statutory receivables		
Impairment of statutory receivables	(1,996)	(2,402)
<b>Total net (loss)/gain on statutory receivables</b>	<b>(1,996)</b>	<b>(2,402)</b>
(c) Other (losses)/gains from other economic flows		
Net (loss)/gain arising from revaluation of long service leave liability (i)	(670)	(713)
Unwinding of provisions	(175)	150
<b>Total other (losses)/gains from other economic flows</b>	<b>(845)</b>	<b>(563)</b>

Notes:

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

9.6 Other economic flows included in net result (continued)

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

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.

9.7 Subsequent events

To complete remediation works at the illegal hazardous waste dump at Lemon Springs, management sought additional funding by way of a Treasurer’s Advance. On 8 September 2023, management were advised of an in-principle approval of a Treasurer’s Advance up to \$6.162m. The Treasurer’s Advance will be recognised as revenue during the 2023-24 financial year.

No further events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.

9.8 Ex gratia expenses

The Authority wrote-off a number of litter fines during the course of the year in accordance with its Litter Fine Write-off Policy. The total amount of write-offs for the year was \$2.13 million (2022: \$2.01 million).

9.9 Changes in accounting policies

There have been no changes in accounting policies during the course of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

9.10 Australian Accounting Standards issued that are not yet effective

Certain new and revised Australian Accounting Standards have been published that are not mandatory for the 30 June 2023 reporting period. EPA assesses the impact of these new standards and advises the Authority of their applicability and early adoption where applicable.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Authority’s financial statements
AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non- Financial Assets of Not- for-Profit Public Sector Entities	<p>The Standard:</p> <ul style="list-style-type: none"> <li>specifies that an entity needs to consider whether an asset’s highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 Non-current Assets Held for Sale and Discontinued Operations or if it is highly probable that it will be used for an alternative purpose;</li> <li>clarifies that an asset’s use is ‘financially feasible’ if market participants would be willing to invest in the asset’s service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services;</li> <li>specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data; and</li> <li>provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.</li> </ul> <p>This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted</p>	1 January 2024	The standard is not expected to have a significant impact on the Authority.

NOTES TO THE FINANCIAL STATEMENTS

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

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Authority's financial statements
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants	<p>AASB 2020-1 amended AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current and was applicable to annual reporting periods beginning on or after 1 January 2022.</p> <p>AASB 2020-6 subsequently amended AASB 2020-1, deferring the mandatory effective date of AASB 2020-1 from 1 January 2022 to 1 January 2023. AASB 2022-6 was applicable for annual reporting periods beginning on or after 1 January 2022.</p> <p>AASB 2022-6 amends and clarifies the requirements contained in AASB 2020-1. Among other things, it:</p> <ul style="list-style-type: none"> <li>clarifies that only those covenants that an entity must comply with at or before the reporting date affect a liability's classification as current or non-current; and</li> <li>requires additional disclosures for non-current liabilities that are subject to an entity complying with covenants within twelve months after the reporting date. AASB 2022-6 applies to annual reporting periods beginning on or after 1 January 2023.</li> </ul>	1 January 2023.	The assessment has indicated that there will be no significant impact for the Authority.

NOTES TO THE FINANCIAL STATEMENTS

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

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Authority's financial statements
AASB 17 Insurance Contracts, AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments and AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	<p>AASB 17 replaces AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026. AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026. AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026. This Standard applies for annual reporting periods beginning on or after 1 January 2023.</p>	1 January 2023	The assessment has indicated that there will be no significant impact for the Authority.

A number of other standards and amendments have also been issued that apply to future reporting periods, however they are not expected to have any significant impact on the financial statements in the period of initial application.

## NOTES TO THE FINANCIAL STATEMENTS

### 9.11 Glossary of technical terms

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

#### Comprehensive result

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

#### Commitments

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

#### Depreciation

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

#### Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions.

#### Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
  - (i) to receive cash or another financial asset from another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

#### Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

#### Financial liability

A financial liability is any liability that is:

- (a) a contractual or statutory obligation:
  - (i) to deliver cash or another financial asset to another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

## NOTES TO THE FINANCIAL STATEMENTS

### 9.11 Glossary of technical terms (continued)

#### 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 9.11 Glossary of technical terms (continued)

#### Net result

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

#### Net result from transactions (net operating balance)

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

#### Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It may include land, buildings infrastructure, plant and equipment and intangible assets.

#### Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. These include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market re-measurements.

#### Payables

Includes short and long-term trade debt, trade creditors, grants and interest payable.

#### Receivables

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

#### Sales of goods and services

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

#### Supplies and services

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

#### Transactions

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

Transactions can be in kind (for example, assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.



# Further information and accessibility

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