



Environment Protection Authority  
**Annual Report**  
2012–13

**Report pollution and environmental incidents**

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**Published by:**

**Environment Protection Authority**

59 Goulburn Street, Sydney NSW 2000

PO Box A290, Sydney South NSW 1232

Phone: +61 2 9995 5000 (switchboard)

Phone: 131 555 (NSW only – environment information and publications requests)

Fax: +61 2 9995 5999

TTY users: phone 133 677, then ask for 131 555

Speak and listen users: phone 1300 555 727, then ask for 131 555

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# LETTER OF SUBMISSION

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The Hon Robyn Parker MP  
Minister for the Environment  
Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

Dear Minister

In accordance with the *Annual Reports (Statutory Bodies) Act 1984* and Treasury Circular (TC10/09) I am pleased to submit the Annual Report 2012-2013 for the Environment Protection Authority.

This report was prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984* and *Annual Reports (Statutory Bodies) Regulation 2010*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'B. Buffier', followed by the date '18/10/13' written in a similar style.

**BARRY BUFFIER**  
Chair and CEO  
Environment Protection Authority

PO Box A290 Sydney South NSW 1232  
59-61 Goulburn St Sydney NSW 2000  
Tel: (02) 9995 5000 Fax: (02) 9995 5999  
TTY (02) 9211 4723  
ABN 43 692 285 758  
[www.epa.nsw.gov.au](http://www.epa.nsw.gov.au)

# MESSAGE FROM THE CHAIR AND CEO

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I am pleased to present the first stand-alone Annual Report for the NSW Environment Protection Authority as an independent authority.

In 2012-13, the EPA had many significant achievements reducing environmental impacts and improving environmental outcomes, as well as contributing to improved planning decisions, and improving communication and stakeholder engagement. Some of these are mentioned below and more are contained within the sections of this report.

To reduce waste and increase recycling in 2012-13, the EPA commenced the delivery of the **Waste Less, Recycle More** program, a five-year \$465.7 million waste and resource recovery initiative which will focus on new waste and recycling programs for local government, industry and communities.

The EPA also implemented measures to improve air quality in NSW during the year. Through initiatives such as the **Upper Hunter Air Particles Action Plan** and the **Dust Stop Program**, the EPA targeted a growing issue of particle emissions from mines and quarries. The EPA also initiated its \$1.185 million Wood Smoke Reduction Program to reduce emissions from wood heaters.

The EPA has welcomed several changes to its operating environment, including increased responsibilities for regulating coal seam gas (CSG) activities and large-scale wind farms. The EPA has developed a CSG regulatory framework and now all CSG operators must hold an environment protection licence for all phases of CSG activities.

These priorities and changes to our operating environment are reflected in the new **EPA Strategic Plan 2013-16**. The updated EPA Strategic Plan clarifies the EPA's role, identifies the key strategies the EPA will employ to achieve its outcomes in 2013-16 and details new key performance indicators.

Stakeholder engagement and governance has been strengthened since the establishment of the EPA and continues to enhance our relationship with stakeholders and improve our overall communication. In 2012-13, the EPA launched a new website, was successful in gaining funding for further developing IT systems and data management capabilities and has improved the public availability of compliance data.

The EPA Board has provided a positive response to the EPA's performance over the 2012-13 period as demonstrated in their Regulatory Assurance Statement which can be found within this report. This report also includes details of our key performance indicator results.

In July 2012, a survey of all public sector employees was undertaken. Nearly 50% of EPA staff participated in this survey and there were many positive results, demonstrating that we have highly committed and professional employees who have a keen interest in the EPA and how it performs. A majority of staff ranked the EPA highly as an organisation that values staff safety, strives to achieve client satisfaction and public trust and where culture or disability is not a barrier to success.

I would like to acknowledge the integrity, service and dedication that EPA staff demonstrate as they continue to provide environmental protection and regulation to business and the communities of NSW

**Barry Buffier,  
Chair and CEO**

# OVERVIEW

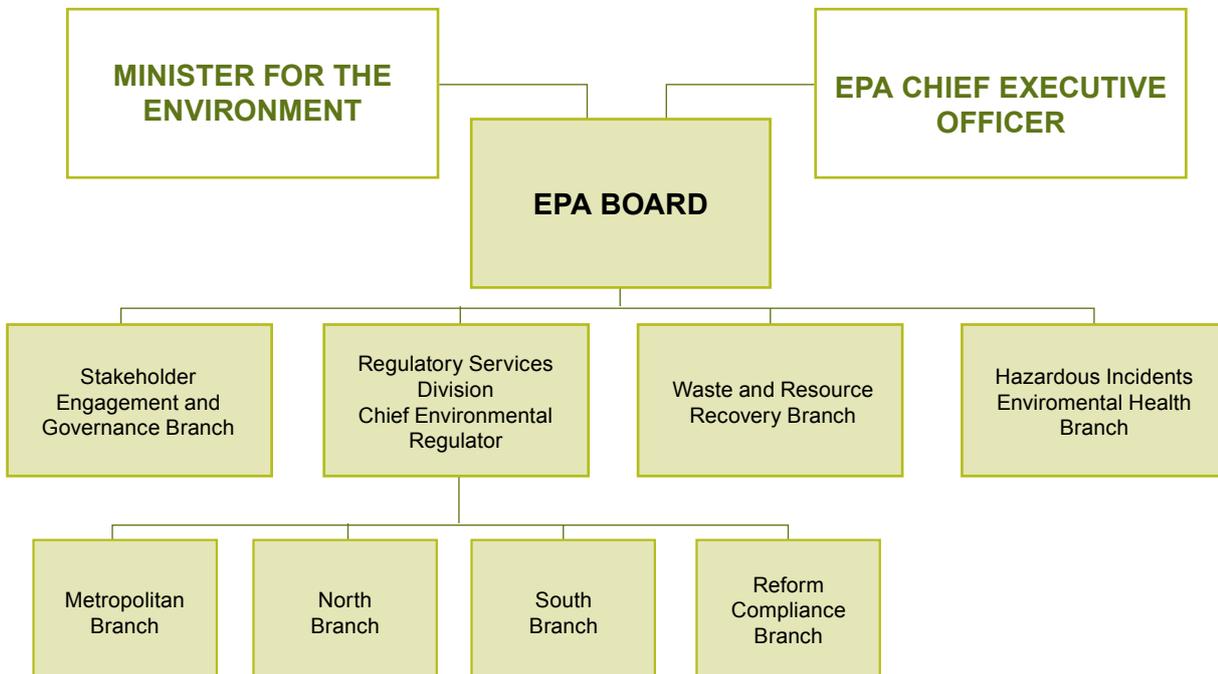
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## ABOUT THE EPA

The EPA is an independent statutory authority and the principal environmental regulator in NSW, leading the state's management of a diverse range of activities that can have an impact on the health of the NSW environment and the state's people. The EPA works with national, state and local governments, using a mix of regulatory tools including education, partnerships, licensing and approvals, audit, enforcement and economic mechanisms, to deliver environmental outcomes for the people of NSW.

## ORGANISATION STRUCTURE

The EPA sits within the environment portfolio under the NSW Department of Premier and Cabinet.



# EPA CHARTER

## *Vision*

Healthy Environment, Healthy Community, Healthy Business

## *Purpose*

Leading business and the community to improve their environmental performance and managing waste to deliver a healthy environment

## *Values*

- Act with integrity
- Be transparent
- Promote respect
- Work collaboratively
- Be innovative
- Communicate well

# STRATEGIC APPROACH

## *EPA Strategic Plan*

The EPA Strategic Plan is a three-year rolling plan that is reviewed and revised annually.

### **Strategic Plan 2012–15**

In early 2012, the EPA released its *Strategic Plan 2012–15*, which outlined the EPA's purpose to lead business and the community in improving their environmental performance and managing waste to deliver a healthy environment. The plan emphasised the importance of developing productive relationships with stakeholders through clear communication and engagement.

The plan defined the EPA's Key Result Areas (KRAs), with priority outcomes. The plan also showed how each KRA aligned with the goals under ***NSW 2021: A plan to make NSW number one***. This annual report has been structured around the plan's KRAs to show clearly the ways in which the EPA's activities in 2012–13 were in line with its strategic approach.

### **Strategic Plan 2013–16**

A review and update of the 2012–15 plan commenced this year to ensure it continued to reflect EPA priorities for 2013–16. The strategic planning process involved a comprehensive program of internal consultation. About 80% of staff provided input into matters including the agency's 'Vision' and 'Purpose'.

The **updated plan** details a suite of strategies that will be implemented to achieve key results.

## *Performance reporting*

Information about the Government's service delivery performance in achieving *NSW 2021* goals for 2012–13 can be found in the ***NSW 2021 Performance Report 2013–14***. The EPA reported on ways in which its key activities met *NSW 2021* goals as part of the Premier and Cabinet Cluster, including the following:

## Goal 22: Protect our natural environment

The EPA:

- opened new air quality monitoring stations at Camden and Wyong and finalised the delivery of 14 new air monitoring stations in the Hunter region
- initiated the Dust Stop Program in the Upper Hunter region, introduced pollution reduction programs for mining licences to monitor and manage dust from road hauls and stockpiles, and released the ***Upper Hunter Air Particles Action Plan*** which coordinates 18 new and current projects aimed at reducing particle levels in the Upper Hunter
- progressed the Southern Regional Illegal Dumping Squad agreement, part of a \$58 million program to combat illegal dumping
- provided funding for the five-year, \$465.7 million ***Waste Less, Recycle More*** waste and resource recovery initiative that will transform waste and recycling in NSW.

## Goal 23: Increase opportunities to look after their own neighbourhoods and environments

- Public access to a reliable and broader range of air quality information became easier with real-time air quality monitoring information being extended, via web updates and automated SMS and email alerts, to include 40 air quality monitoring stations across Sydney and other key locations.

### Strategic Plan Key Result Areas and linkages to NSW 2021

Key Result Area	Alignment to 2021
<b>1: IMPROVE PLANNING DECISIONS</b> Improved environmental and community outcomes through engagement with the Department of Planning and Infrastructure and other consent authorities, including councils Planning policies that give weight to environmental issues	Goal 1: Improve the performance of the NSW economy Goal 3: Drive economic growth in regional NSW Goal 29: Restore confidence and integrity in the planning system
<b>2: REDUCE ENVIRONMENTAL IMPACTS AND IMPROVE ENVIRONMENTAL OUTCOMES</b> Reduced harmful emissions and discharges to waterways, groundwater and the atmosphere Reduced dust and offensive noise and odour emissions Reduced environmental impacts from sources such as contaminated lands Reduced impacts from logging on forest values	Goal 11: Keep people healthy and out of hospital Goal 19: Invest in critical infrastructure Goal 21: Secure potable water supplies Goal 22: Protect our natural environment Goal 31: Increase Government transparency by increasing access to Government information
<b>3: RESPONSIVE INCIDENT MANAGEMENT</b> Community has confidence in the EPA's incident response Reduced risks from hazardous materials	Goal 11: Keep people healthy and out of hospital Goal 28: Ensure NSW is ready to deal with major emergencies and natural disasters
<b>4: REDUCE WASTE AND INCREASE RECYCLING</b> Increased recycling Reduced litter and illegal dumping	Goal 22: Protect our natural environment Goal 23: Increase opportunities for people to look after their own neighbourhoods and environments Goal 31: Increase Government transparency by increasing access to Government information
<b>5: IMPROVE COMMUNICATION, STAKEHOLDER ENGAGEMENT AND KNOWLEDGE MANAGEMENT</b> Improved relationships with stakeholders Improved service delivery through exceptional knowledge management Improved community satisfaction with the EPA's programs and services	Goal 31: Increase Government transparency by increasing access to Government information Goal 32: Involve the community in decision-making on Government policy, services and projects
<b>6: EXEMPLAR ORGANISATION</b> A world class regulator The EPA is regarded as an employer of choice A healthy and safe workplace Sound financial management Environmental performance of the EPA exceeds the NSW Government's Sustainability Policy	Goal 4: Increase the competitiveness of doing business in NSW Goal 30: Restore trust in state and local government as a service provider

# REGULATORY ASSURANCE STATEMENT

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Our reference:  
Contact:

The Hon Robyn Parker MP  
Minister for the Environment  
Minister for Heritage  
Level 32 – Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

Dear Minister

I am writing to provide you with the Environment Protection Authority (EPA) Board's regulatory assurance statement.

The statement is required under section 16(3) of the *Protection of the Environment Administration Act 1991*. The Board is satisfied with the performance of the EPA and notes the good progress made since establishment in February 2012.

The statement must be tabled in both Houses of Parliament within one month of receipt.

Yours sincerely

A handwritten signature in black ink, appearing to read 'B. Buffier', written over a light blue horizontal line.

**BARRY BUFFIER**  
Chair and CEO  
Environment Protection Authority

PO Box A290 Sydney South NSW 1232  
59-61 Goulburn St Sydney NSW 2000  
Tel: (02) 9995 5000 Fax: (02) 9995 5999  
TTY (02) 9211 4723  
ABN 43 692 285 758  
[www.epa.nsw.gov.au](http://www.epa.nsw.gov.au)

# INTRODUCTION

The EPA Board presents this Regulatory Assurance Statement to the Minister for the Environment to satisfy the requirements under section 16(3) of the **Protection of the Environment Administration Act 1991** for 2012–13.

This Regulatory Assurance Statement addresses:

- the success of the EPA in reducing risks to human health and preventing degradation of the environment, and whether the level of environment protection it has achieved is satisfactory in comparison with other Australian jurisdictions
- the performance of industries regulated by the EPA in reducing risks to human health and preventing degradation of the environment and the impact that those industries have on the environment
- recommendations for improving both the EPA's performance and the performance of the industries it regulates.

This annual report covers ongoing EPA programs that contribute to the agency's success in discharging its duties. This Regulatory Assurance Statement focuses on new key initiatives that notably enhance the work undertaken by the EPA.

Further detail regarding the items listed in this statement, including an assessment of key performance indicators under the EPA Strategic Plan 2012–15, can be found in this annual report.

## AT A GLANCE

Achievements for 2012–13 are summarised below:

- commencement of the delivery of the **Waste Less, Recycle More** program, a five-year \$465.7 million waste and resource recovery initiative announced by the Minister for the Environment, which will focus on new waste and recycling programs for local government, industry and communities; the Minister also introduced the Protection of the Environment Operations Amendment (Illegal Waste Disposal) Bill 2013 in May which, when enforced, will increase penalties for waste offences including the introduction of custodial sentences for repeat offenders
- a strengthened focus on effective communication with stakeholders, including the implementation of several significant communication and engagement activities, such as increased support for specialised community forums and establishment of the Stakeholder Engagement and Governance Branch
- commencement of the development of a risk-based regulatory framework which will measure environmental risk based on the likelihood of an event occurring and the risk of harm to human health and the environment
- initiation across a range of industries of 388 pollution reduction programs (PRPs) worth an estimated \$165.6 million and successful negotiation with licensees regarding these PRPs – details of PRPs negotiated with councils and utilities for wastewater treatment plants, mining operations, and other operations are provided later in this annual report
- commencement of 61 prosecutions in the name of the EPA and the completion of 72 prosecutions, resulting in 69 convictions and three acquittals leading to \$388,380 in fines and penalties being imposed – more information on prosecution activity, successes and penalties is provided later in this annual report
- maintenance of the high levels of overall regulatory compliance in NSW, with licence annual returns showing that 99.6% of the conditions attached to NSW environment protection licences were complied with
- review of 213 licences as required by section 78 of the **Protection of the Environment Operations Act 1997**, with 197 licences (92%) reviewed by the due date.

# STATEMENT OF EPA SUCCESS AND INDUSTRY PERFORMANCE

## INFORMED PLANNING DECISIONS

EPA involvement in the planning process helps ensure new activities will achieve high standards for environment protection.

The EPA has worked with the NSW Department of Planning and Infrastructure (DP&I) to ensure that policies and draft legislation incorporate appropriate consideration of environmental issues at key points in the planning process. The EPA provided input on the *White Paper, A New Planning System for NSW*, and the subsequent Exposure Planning Bill. During the year, the EPA processed 486 planning referrals from DP&I and councils for the environmental assessment of new and amended development activities across NSW. The EPA also advised DP&I on proposed amendments to state environmental planning policies, such as *State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007*, to ensure that the policies complement the EPA's regulatory role.

## AIR QUALITY

Air quality in NSW complies with national air quality standards for four of six major 'criteria' air pollutants: carbon monoxide, nitrogen dioxide, sulfur dioxide and lead. However, exceedences of particulates and ozone continue to present issues in key metropolitan and regional areas.

Levels of particles (in the PM<sub>10</sub> and PM<sub>2.5</sub> categories) in urban and regional centres across NSW are generally comparable with other parts of Australia. An Air Quality Index (AQI) described in *Australia State of the Environment 2011 (SoE 2011)* found that PM<sub>10</sub> levels for Sydney were similar to Perth and Canberra, and slightly better than Melbourne and Adelaide.

Nationally, ozone levels in Sydney and the Illawarra are generally higher than for other regions of Australia. These are the only regions where AQI levels for ozone were described as being poor in *SoE 2011*. In some years, annual maximum ozone levels may also exceed standards in Melbourne, Perth, Adelaide and Canberra, but only Melbourne is rated as having fair standards.

To inform decision-making on managing sources of pollutants, the EPA produces the five-yearly NSW Air Emissions Inventory. In October 2012, the EPA released the **latest inventory** which showed that from 1992 to 2008 average emissions fell in the Sydney region. However, across the Greater Metropolitan Region (GMR), average levels of PM<sub>10</sub> rose by 20%, largely attributed to a growth in coal mining, particularly in the Hunter Valley, while nitrogen oxides grew by 30% due to growth in coal-fired electricity generation. These modelling estimates were affirmed by the first full year of data available from the Upper Hunter Air Quality Monitoring Network during 2012–13. Results revealed that particle levels in Singleton and Muswellbrook exceeded national standards and were generally higher than the GMR average.

In April 2013, the EPA released the *Upper Hunter Air Particles Action Plan* which coordinates 18 new and current projects aimed at reducing particle levels in the Upper Hunter. To help implement the actions in the plan, the EPA has established a high-level Interagency Taskforce on Air Quality in the Hunter. Some related programs were developed to target the growing issue of particle emissions from mines and quarries.

The **Dust Stop Program** progressed to the stage that in March 2013, each open-cut mine was issued with a set of three pollution reduction programs (PRPs) covering specific areas of mine operations (see details later in this annual report). The EPA also initiated a study of dust from coal trains in the Newcastle area to be undertaken by the Australian Rail Track Authority.

In 2012–13, the EPA initiated its Wood Smoke Reduction Program – a \$1.185 million program over three years to assist local councils to educate their communities about the proper use of wood heaters. The program also includes smoky chimney surveys and targeted cash incentives to replace old, polluting wood heaters.

## WATER QUALITY

During 2012–13, the EPA methodically reviewed 484 environment protection licences (EPLs) which allow discharges to water from licensed mining, electricity and sewage treatment operations. Based on these reviews, the EPA is working closely with 18 priority licensees to consider the need for variations to licence conditions to ensure adequate ongoing environment protection.

## NOISE AND ODOUR

In December 2011, the EPA became the lead regulator for all large-scale wind farms in NSW. Operational noise is the main environmental issue that the EPA regulates under wind farm EPLs. In consultation with DP&I, the EPA has established the regulatory framework for managing operational noise. From 1 July 2013, all new and existing large-scale wind farms will have a period of nine months to obtain their EPL.

The EPA's regulation of rail primarily focuses on reducing noise impacts by setting EPL limits and negotiating PRPs. The EPA released the [\*\*\*NSW Rail Infrastructure Noise Guideline\*\*\*](#) in May 2013 to replace the interim 2007 guideline.

In March and April 2013, the EPA managed contracts for conducting sampling and modelling programs to identify potentially offensive odour sources in Rutherford Industrial Estate in the Hunter Valley. Direct emissions sampling from industrial stacks and vents commenced in May and were completed in July 2013.

## CONTAMINATED LAND

In NSW, the EPA regulates sites where it is necessary to reduce significant threats to human health and the environment arising from legacy hazardous substances. In June 2013, the EPA publicly exhibited the proposed Contaminated Land Management Regulation 2013 together with a Regulatory Impact Statement which provided a detailed summary of the mechanisms used in other Australian jurisdictions to recover regulators' costs in the context of contaminated sites. The proposed Regulation is designed to achieve best practice in improving and clarifying the cost recovery mechanisms available to the EPA.

The EPA continues a robust regulatory program relating to significantly contaminated legacy sites in NSW, including remediation of the Hunter River, the Barangaroo site and Orica Botany's former chlor-alkali plant. A total of 229 sites are currently being regulated by the EPA and, since 1997, 114 have been remediated under EPA regulation.

## DANGEROUS GOODS TRANSPORT

The EPA is the primary on-road regulator for the transport of dangerous goods, while WorkCover NSW regulates dangerous goods prior to transport. In 2013, the [\*\*\*NSW Legislative Assembly Public Accounts Committee\*\*\*](#) noted that the two authorities had implemented all the Auditor-General's recommendations regarding the transport of dangerous goods within the required timeframes and, in particular, commended both agencies on their effective interagency cooperation and information sharing.

In 2012–13, joint regulatory campaigns involving the EPA, NSW Police, Roads & Maritime Services and WorkCover NSW continued to promote the proper securing of dangerous goods during transport.

Compliance campaigns have indicated an overall improvement in compliance levels in the dangerous goods transport industry. However, improvements are still needed in some areas, including in the the transport of packaged waste by subcontractors from major distribution points and in dangerous goods transport along the Newell and Great Western highways.

## CHEMICALS AND PESTICIDES

As the state's primary pesticides regulator, the EPA this year commenced a major reform of environmental chemicals legislation, including changes to the ***Pesticides Act 1999***. The EPA also conducted a number of compliance campaigns targeting chemical and pesticide use in areas of identified risk, including grain silos, the horticulture industry and the turf-growing industry in Sydney. The EPA also focused on the use of 2,4-D herbicide in north-western NSW and the use of antifouling agents at marinas and slipways.

Compliance activities have found different industry sectors have varying degrees of awareness of their regulatory responsibilities, although have a generally positive attitude in ensuring that pesticides are safely used.

## RADIATION

In 2012–13, the EPA finalised a major legislative reform program for radiation control with the ***Radiation Control Regulation 2013*** coming into force on 1 July 2013. The Regulation introduced a new management licensing system, a risk-based licensing fee structure and a ban on cosmetic UV tanning services from 31 December 2014.

During 2012–13, the Radiation Advisory Council provided valuable input to the EPA and the Minister for the Environment on remaking the Radiation Control Regulation, implementing changes to the ***Radiation Control Act 1990*** and advising on matters such as emerging technologies, radiation accidents and radiation licensing.

Compliance and audit programs under the Radiation Control Act targeted areas assessed as high risk, including the mining and veterinary industries, and disposal activities for expired sources.

## NATIVE FORESTRY

The EPA regulates the environmental impacts of logging on both private and Crown lands. During 2012–13, the EPA audited and investigated 45 logging operations in State Forests and audited and inspected 253 private native forestry operations across NSW. The EPA also works with the NSW Department of Primary Industries to help landholders and contractors protect the environment and forest health and a series of DVDs and online video clips were launched this year on these matters.

During 2012–13, the EPA developed the ***Crown Forestry Compliance Strategy 2013–16 and Private Native Forestry Compliance Strategy 2013–16*** which adopt a risk-based approach to regulation to ensure compliance efforts are prioritised around issues and activities that present the greatest environmental risk.

## COAL SEAM GAS

In 2012–13, the EPA became the lead environmental regulator of activities associated with coal seam gas (CSG). The recent amendments for CSG activities were designed to provide up-front information and certainty to the industry about the level of environmental performance it needs to achieve. All CSG operators are now required to hold an EPL for the exploration, assessment and production phases of CSG activities. These EPLs set strict environmental conditions to safeguard the community and the environment. To support this new role, the EPA also developed a CSG regulatory framework, including a licensing system. These new regulations are some of the first of their kind in Australia.

The Minister for the Environment also announced additional funding for a study of fugitive emissions from CSG activities to further inform the EPA's regulatory role.

## INCIDENT MANAGEMENT

The EPA is the coordinating agency for protecting the environment during disasters and major emergencies, and works collaboratively with Fire & Rescue NSW when responding to significant hazardous materials incidents. Advice is given on environment protection, management and clean-up, and investigations are undertaken into potential regulatory breaches. In 2012–13, there were 163 hazardous material incidents reported, 40 of which required the EPA's attendance.

The EPA has developed an Incident Management System (IMS) (based on the Australasian Inter-Service IMS framework) and participates in multi-agency exercises to test incident response. To ensure appropriate implementation of the IMS, all relevant staff are being trained in incident response. In 2012–13, the EPA sponsored an exercise addressing the management of a radiological contamination incident and its subsequent clean-up. Organisational learning is being integrated into the IMS through post-incident and post-exercise assessments.

Since September 2012, companies that hold EPLs have been required to have pollution incident response management plans in place. These plans require licensees to minimise the risk of pollution incidents occurring and specify how incidents will be managed and the community kept informed if they do occur.

In 2012–13, the EPA provided information to all licensees regarding their requirements in relation to incident response management plans and developed comprehensive guidelines to help licensees comply with these requirements. An EPA audit of selected licensed premises found that 100% of premises had prepared a plan.

## WASTE MANAGEMENT AND RESOURCE RECOVERY

The ***Waste Less, Recycle More*** initiative was developed in response to the recommendations of the independent review of the Waste and Environment Levy. Announced by the Minister for the Environment in February 2013, the initiative will focus on new waste and recycling programs for local government, industry and communities and is supported by the largest waste and resource recovery funding package in Australia.

Funding for the initiative includes the \$250 million Waste and Recycling Infrastructure Package, the \$38.7 million Waste and Sustainability Improvement payment for levy-paying councils, a further \$99 million for supporting local communities, \$58 million to combat illegal dumping, and \$20 million to tackle litter.

In 2012–13, the EPA continued its focus on waste management and resource recovery through activities such as the New England landfill program, and progressed the Southern Regional Illegal Dumping Squad agreement and legislative reforms, including the POEO Amendment (Illegal Waste Disposal) Bill 2013.

In addition, the EPA:

- is developing the first draft of a new Waste Avoidance and Resource Recovery Strategy for NSW
- exhibited the ***NSW Energy from Waste Draft Policy Statement*** for public consultation, holding public forums and meetings with industry and government stakeholders as well as regulators in other states
- exhibited the ***Draft NSW Strategy to Combat Illegal Dumping*** and conducted eight open consultations with stakeholders.

## STRATEGIC MANAGEMENT

The EPA Strategic Plan 2012–15 sets out the agency's strategic objectives and priorities to protect the environment and the people of NSW. Through regular reporting in 2012–13, key performance indicators under the Strategic Plan helped to track progress in meeting the plan's outcomes and identifying and targeting areas for improvement.

In 2012–13, the existing Strategic Plan was reviewed and a new Strategic Plan for 2013–16 was developed. This includes a suite of new and updated outcomes, strategies to achieve the identified outcomes, and key performance indicators to regularly measure the EPA's progress.

## LICENCE REVIEWS

The management of EPLs under the *Protection of the Environment Operations Act 1997* is a primary focus of the EPA. The Act requires the EPA to review each EPL at least once every five years. Late reviews must be reported to the EPA Board and noted in the EPA Annual Report, along with a statement of reasons for the delay.

In 2012–13, the EPA reviewed 92% of the 213 licences due for review within the required five-year period and reported details of the late licence reviews in the appendices to this annual report. In 2011–12, the EPA reviewed 88% of the 213 licences due for review within the required timeframe and, in 2010–11, 94% of 591 licences. These earlier results were inadvertently not reported in the relevant annual reports but are reported in this annual report and are available on the EPA website.

The reviews not completed on time were delayed as a result of complex regulatory issues, including legal action, allocation of resources to licences considered to be higher risk, and system and business process changes.

## COMPLIANCE AND ENFORCEMENT

In June 2013, the EPA released its *Compliance Policy*, which describes the EPA's approach to compliance and enforcement and explains how the authority works to achieve compliance and drive improved environmental performance. The policy reflects the EPA's values as an independent, accountable and modern regulator. The EPA maintained high levels of regulatory compliance, with the total industry compliance rate with EPLs improving by 0.3% to 99.6% in 2012–13.

During the year, the EPA also commenced the development of a risk-based regulatory framework, which aims to measure environmental risk based on the likelihood of an event occurring and the risk of harm to human health and the environment. The framework will establish a responsive licensing system that encourages licensees to take fewer environmental risks by rewarding lower risk licensees and good performers with simpler licensing requirements and reduced licence fees.

In 2012–13, the EPA also completed a review of alternative sentencing mechanisms and environmental penalties in NSW and other Australian and New Zealand jurisdictions. The review found that while other Australian and New Zealand jurisdictions use a similar range of sentencing mechanisms designed to change the behaviour of environmental offenders, they also used approaches such as restorative justice and civil penalties. Following the review, the EPA identified that there are a range of actions it can implement to ensure a wider range of responses and sanctions are available for environmental offences in NSW.

## COMMUNICATION AND STAKEHOLDER ENGAGEMENT

In 2012–13, the EPA increased its focus on effective communication with its stakeholders, with key events including the release of ***NSW State of the Environment 2012*** and support for specialised community forums, including the **Upper Hunter Air Quality Monitoring Network Advisory Committee** and the **Newcastle Community Consultative Committee on the Environment**.

Following establishment of the Stakeholder Engagement and Governance Branch, a new EPA Public Affairs and Communications Section implemented several significant communication and engagement activities including:

- re-establishing and launching a distinct EPA website including updated content
- successfully obtaining funding to further develop IT systems for external communication and data/information dissemination
- improving the public availability of compliance data and ‘real-time’ air quality data for the Hunter Region
- commencing a survey of stakeholders in May and June
- developing community outreach initiatives.

There has also been a steady increase in visitors to the EPA website over the past year with the new site expected to assist in improving EPA knowledge dissemination and communication with stakeholders.

The EPA maintained and improved its **public register** on the website, where the community can easily find information on EPLs, compliance action and other regulatory activity. On 30 April 2013, the website *Carbon + Environment Daily* published a special report comparing the availability of this kind of information throughout Australian jurisdictions and concluded that: ‘The NSW EPA has set the Australian benchmark for disclosure of environmental compliance activity’.

Regional visits allow EPA Board members to experience first-hand the scale and scope of issues that affect particular regions. In 2012–13, the EPA Board visited the Hunter and Western Sydney regions to engage with local regulated industries, community members and staff.

## RECOMMENDATIONS

While good progress has been made since the establishment of the new EPA, the Board has identified areas for improvement and, pursuant to section 16 of the *Protection of the Environment Administration Act 1991*, made the following recommendations to the EPA:

- provide a quarterly report to the Board against the key performance indicators in the Strategic Plan 2013–16, including measuring the effectiveness and responsiveness of the EPA’s input into the planning system
- have the NSW Government adopt the Waste Avoidance and Resource Recovery Strategy 2013–21 and finalise the Energy from Waste Policy Statement by the end of 2013 to deliver regulatory certainty to industry and the community
- continue to investigate and implement measures to improve air quality in NSW through such initiatives as the Upper Hunter Air Particles Action Plan and the Dust Stop Program to improve emissions from mining, and the Wood Smoke Reduction Program to reduce emissions from polluting wood heaters and consider cumulative impacts from this type of pollution
- improve communication, information exchange and the setting of clear expectations with stakeholders through the development of a Stakeholder Engagement Strategy and Knowledge Management Framework and Implementation Plan, and improvements to IT systems
- continue to improve the agency’s ability to assess whether the level of environment protection achieved by the EPA is satisfactory in comparison with other Australian jurisdictions, including continued work through the **Australasian Environmental Law Enforcement and Regulators Network** (AELERT) to promote the advantages of benchmarking regarding improving Australian environment protection

# SUMMARY OF OPERATIONS

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## KEY RESULT AREA 1: Improve planning decisions

### PLANNING POLICIES

#### *Planning instruments*

The EPA has continued to provide advice to the Department of Planning and Infrastructure (DP&I) on proposed amendments to state environmental planning policies (SEPPs) and other environmental planning instruments. The EPA's key focus is to ensure that environmental issues are considered at appropriate points in the decision-making process and planning policies complement and are consistent with the EPA's regulatory role.

The EPA advised DP&I on proposed amendments to the Mining SEPP 2007 necessary to implement the NSW Government's policy on coal seam gas (CSG) activities. The amendments related to implementing a two-kilometre exclusion zone for CSG activities around residential areas and revising the list of activities defined as exempt or low-impact.

DP&I also received advice from the EPA on the Exempt and Complying Development Codes SEPP 2008. This was largely to ensure noise issues, including hours of operation and noise from plant such as air-conditioners and pool pumps, are addressed appropriately in the standards and provisions applied.

The EPA will continue to work with DP&I on environmental planning instruments, including reviewing all SEPPs to determine how best to transition their requirements into the new planning framework, where required.

#### *Draft NSW Wind Farms Guideline*

Wind farms are currently integral to achieving greenhouse gas reduction targets. However they remain controversial, with opponents claiming adverse health effects related to infrasound (sound below the audible spectrum), low frequency noise and sleep disturbance. The current position of the National Health and Medical Research Council (NHMRC), as adopted by NSW Health, is that there is currently insufficient published scientific evidence to positively link wind turbines with adverse health effects. The NHMRC has initiated a further review of the literature and is expected to determine whether its current position requires revision in late 2013.

DP&I released the draft *NSW Planning Guidelines: Wind farms* for comment in December 2011. The EPA has provided substantial technical advice to DP&I principally about noise criteria and assessment approaches.

The proposed NSW guidelines adopt a precautionary approach by retaining the current A-weighted noise assessment criteria for the night-time period and applying world best practice for wind farm noise assessment. Criteria for tonality, low frequency noise and amplitude modulation have been included to address strong community concern about these noise characteristics. The guidelines are focused on performance-based outcomes, as opposed to mandatory distance setbacks adopted in some other jurisdictions in Australia.

The guidelines are currently being considered by the NSW Government.

## **Planning reforms – White Paper**

In July 2011, the NSW Government initiated a review of the state's planning system. A Green Paper setting out proposals for a new planning framework was released for public comment in June 2012. Following this, the NSW Government commenced development of a White Paper which considered the issues raised by the community and other stakeholders and provided details of how the new planning system would be implemented.

The EPA worked with DP&I to ensure the policies and draft legislation provided for appropriate consideration of environmental issues at key points in the new planning processes before the White Paper and an Exposure Planning Bill were released for public comment in April 2013.

The EPA is continuing to work with DP&I in developing aspects of the new planning system ahead of its expected commencement in 2014. The EPA will continue to ensure that changes to the planning system complement its regulatory role and maintain its status as a strong and independent regulator.

## **Protection of groundwater at new mine sites**

A key EPA responsibility is to ensure mining facilities appropriately and safely store the tailings waste from the processing of mining materials. Metalliferous mines in particular create tailings that are contaminated with cyanide. Appropriate and safe storage of cyanide-contaminated tailings is critical to ensure groundwater and surface waters are not polluted. Metalliferous mining facilities must be constructed to a standard that ensures adequate environmental performance and a low risk of environmental harm, particularly to groundwater resources.

In response to a proposed increase in the use of sodium cyanide at a number of new mines across NSW, the EPA reviewed this activity and the existing framework for regulating the storage of contaminated tailings and water generated at mine sites. The review, conducted in consultation with DP&I, focused on the most appropriate standards required to prevent or mitigate any potential environmental impacts

As a result of the review, the EPA has adopted the standards for liner requirements for structures that store contaminated tailings and water in the NSW *Environmental Guidelines: Solid Waste Landfills*. Requiring these standards will ensure the appropriate and consistent construction of contaminated tailings and water storage structures across the mining industry, protecting the current and future use of groundwater resources.

## **PLANNING ENGAGEMENT**

### **Modification of Bald Hill landfill development consent**

The EPA helped resolve a long-standing waste management issue in the state's South-Western Slopes Region at a regional landfill at Jugiong. Eight local councils in the area share the Bald Hill landfill: Boorowa, Cootamundra, Gundagai, Harden, Tumbarumba, Tumut, Yass and Young.

Pressures on the landfill's capacity became evident in 2009 with a large increase in the waste stream from one local manufacturer competing with the councils' municipal waste disposal requirements.

Following talks facilitated by the EPA between key stakeholder groups, including the councils, industry, the landfill operator and DP&I, the problem was resolved by deciding to expand the landfill's capacity. This provided long-term capacity for the councils' municipal waste stream and also enabled the local manufacturer and landfill operator to expand their businesses, while maintaining strict environmental controls on odour, leachate and methane gas.

## ***Lockhart LEP***

The EPA encourages councils to establish dedicated industrial zones in their local environmental plans (LEPs) to accommodate industries where potential land-use conflicts may arise elsewhere. These areas are designed to be close to all the required services, including road and rail access, but are well separated from sensitive land uses such as housing.

In 2012–13, land-use conflicts arose in the Lockhart Local Government Area between residential and commercial zones, leading to complaints about noise to both the local council and the EPA.

Following discussions with the EPA, Lockhart Shire Council identified land and rezoned it to create Lockhart Industrial Park, which is surrounded by predominantly agricultural land. This simple and effective strategy allows for the consolidation of industries into a single industrial service centre for the agricultural sector while also protecting sensitive land uses like residential areas from such issues as noise and odour emissions.

## ***Coalpac Consolidation Project***

The Coalpac Consolidation Project proposes to combine and expand two existing open-cut coal mines near the village of Cullen Bullen, approximately 25 kilometres north-west of Lithgow. The project is an issue for the local community and environmental groups because of the proposal to clear over 950 hectares of native vegetation in Ben Bullen State Forest and the risk that dust and noise from mining might impact on surrounding residents.

Following a review of the project's Environmental Assessment in June 2012, the EPA advised DP&I that it could not support the project as proposed due to unacceptable noise levels. Coalpac Consolidation Project prepared a response in September 2012 which addressed the issues raised in several of the submissions received, including those put by the EPA. In late September 2012, the EPA further advised DP&I that it would support the project providing its approval included a range of conditions recommended by the EPA.

DP&I engaged the Planning Assessment Commission (PAC) in November 2012 to review the project and all submissions received. The PAC liaised extensively with the EPA which provided additional information to support its previous submissions to DP&I.

The PAC review report, released in December 2012, concluded that: '... when the merits of the project are considered as a whole, the benefits ... are substantially outweighed by the breadth and potential magnitude of the impacts. The Commission therefore recommends that the project should not be approved.' The PAC agreed with the EPA's original submission and its concerns about potential impacts from dust, noise and blasting on the health and amenity of residents of Cullen Bullen and the surrounding district.

Coalpac responded to the PAC finding in March 2013 and continues to liaise with government agencies about proposed changes to the project to address the concerns raised by the PAC.

## ***AGL Camden Gas Project***

Coal seam gas (CSG) has been produced in the Macarthur region since 2001. AGL Upstream Investments Pty Ltd holds an environment protection licence (EPL) for the commercial production of CSG in Camden and Campbelltown local government areas.

In October 2010, AGL submitted a Major Project Application called the 'Stage 3 Northern Expansion' for the Camden Gas Project. In October 2012 the project was declared a State Significant Development (SSD) by the Minister for Planning and Infrastructure, requiring the project to be re-exhibited for public comment and undergoing a merit review by the independent PAC which included public hearings.

The EPA provided detailed comments and requirements on the proposed expansion during the assessment process. Key issues included the protection of groundwater and air quality. In February 2013, AGL requested that DP&I suspend its assessment of the expansion, citing community concern about the proposal and its belief that suspension would allow the company to consider those concerns. The development application is currently on hold.

### ***Caltex Kurnell Refinery Conversion Project***

Caltex Refineries (NSW) Pty Ltd maintains and operates a major petroleum refinery located on Kurnell Peninsula in Sutherland Shire. The refinery was commissioned in 1956 and processes crude oil into refined petroleum products. Crude oil and some refined products are imported to the site via ships that dock at Kurnell Wharf in Botany Bay.

In July 2012, Caltex announced that, following a major review of its refinery operations, it would cease refining at Kurnell and convert the facility to a finished fuel terminal by the end of 2014.

The terminal conversion works are proceeding as two separate projects: a land-based component and a marine-based component. The land-based component includes the cleaning and modification of some of the existing on-site storage tanks and installation of a range of ancillary works to improve safety, efficiency and capability for its intended use as a terminal. The marine-based component includes the need to dredge parts of the seabed in Botany Bay and upgrade parts of the existing berthing infrastructure. Both projects are being considered by DP&I as SSD proposals and will be determined by the independent PAC.

The EPA has been actively involved in the planning process, liaising closely with Caltex and DP&I and providing its assessment requirements in a timely manner. Key issues have included protection of water quality in Botany Bay and management of noise impacts.

The EPA has also commenced a review of Caltex's EPL to begin the transition from a refinery licence to a terminal licence. This has involved working with Caltex to ensure that contamination investigations across the site are maintained and progressed and the timely resolution of any identified contamination legacies.

The EPA will continue to ensure that environmental impacts associated with the conversion works are adequately managed and minimised and site activities and associated contamination issues continue to comply with all regulatory requirements.

### ***Pacific Highway upgrade***

The EPA's Pacific Highway Upgrade Team delivers environmental planning, management and regulation for the NSW Government's Pacific Highway Upgrade Program. The team collaborates with DP&I, Roads & Maritime Services (RMS) and contractors in providing technical and policy advice throughout the planning and assessment process and regulates projects during their construction.

The Ballina, Kempsey and Bulahdelah Bypass projects are nearing completion and the EPA has worked with the contractors and RMS to ensure that the final road corridor and associated sites are appropriately rehabilitated prior to the surrender of the construction EPLs.

The EPL for the Tintenbar–Ewingsdale Upgrade Project was finalised and issued by the EPA in September 2012 and substantial project earthworks commenced the following month. The EPA continues to work actively with the project team to review and refine environmental controls across the project and negotiate strategic amendments to planning approval conditions specifically relating to tunnel-blasting operations at Ewingsdale.

The EPA is also working closely with RMS and its contractors on detailed designs and environmental management plans, and is negotiating licensing requirements for a number of projects including Nambucca Heads–Urunga, Frederickton–Eungai and Oxley Highway–Kempsey.

The last major section of the highway upgrade from Woolgoolga to Ballina is in the final stages of planning approval, with the EPA fully engaged in providing advice to guide and influence assessment and mitigation outcomes, particularly in relation to environmental matters. The EPA is continuing to work with DP&I, RMS and other agencies to refine concept designs with a view to delivering more sustainable environmental outcomes. The Preferred Infrastructure Report is currently under review and a decision regarding the approval of this project is anticipated in the second half of 2013.

The EPA will continue to focus on delivering timely and targeted environmental planning, management and regulation to all the Pacific Highway upgrade projects to assist in fast-tracking the delivery of the upgrade in accordance with Government commitments.

### ***New and expanded coal mine proposals***

Coal mining is a major provider of revenue and employment to NSW. However, coal mining activities have the potential for significant environmental impacts if they are not properly assessed and managed, and the community is becoming increasingly concerned about these impacts.

Key to minimising adverse impacts from a coal mine is consideration of the mine's environmental implications early in the planning process, including comprehensive environmental assessments to examine potential impacts. The Minister for Planning and Infrastructure is responsible for determining mine project applications. The EPA plays a crucial role in assessing new coal mine developments by providing expert technical advice to DP&I on air, noise and water quality and waste issues. The EPA carefully reviews environmental assessments to ensure that the likely impacts of each mine are properly quantified and addressed.

All major mines approved must hold EPLs issued by the EPA. Licences place strict conditions on mining operations to minimise impacts on the environment.

During 2012–13, the EPA reviewed the following new coal mine proposals:

- The Rocky Hill Coal Mine is proposed for a rural site near Gloucester. It was predicted that many local residents currently unaffected by industrial noise would hear mining noise for the first time. As a result, the EPA requested additional information from the proponent to ensure thorough assessment of the mine's noise impacts.
- Wallarah 2 is a proposed underground coal mine near Wyong. The community has raised concerns about water quality, particularly since much of the land above the proposed mine is in a water catchment. The EPA provided detailed comments on the environmental assessment.
- Maules Creek Coal Mine is proposed for the Liard State Forest mining precinct near Boggabri and is expected to result in noise, water, dust and rail transport impacts.
- Shenhua Watermark Mine is proposed near Breeza which adjoins the Liverpool Plains black soils farming basin. The proposal is controversial and required the acquisition of significant landholdings to provide a suitable buffer zone. The mine will have groundwater and surface water, noise and dust impacts which must be addressed.
- Vickery Coal Mine adjoins a historic mining site north of Gunnedah. The mine is able to meet high environmental standards through land acquisition with limited woody vegetation loss.
- Cobbora Coal Mine is proposed in a rural setting 60 kilometres east of Dubbo. The mine has potential for significant noise, dust and water impacts and the EPA will provide further input into the planning and assessment phase to ensure these are reduced to acceptable levels and the highest environmental standards are applied if the project is approved.

The EPA also reviewed major coal mine expansion proposals including the following:

- The Drayton South Coal Mine proposal is a major expansion of the existing Drayton Coal Mine near Muswellbrook. The EPA reviewed this assessment to ensure that international best practice will be used to minimise air quality impacts.

- Boggabri Coal Mine is located within the Liard State Forest. The expansion will result in noise, water, dust and rail transport impacts. The EPA reviewed the proposal and recommended stringent controls to protect the natural and human environment including minimising final voids.
- Stratford Mine near Gloucester proposed the development of two entirely new open-cut pits and a major extension to an existing pit. Noise was a significant concern to local residents and the EPA suggested detailed conditions to mitigate impacts from this proposal.
- The Bulga Optimisation Project will see mining at the Bulga Mine Complex continue at its current rate of operation for another 22 years. A key consideration for this proposal is the management of air and noise impacts in an area already highly sensitised to mining impacts.
- The Mount Arthur Modification Project involves duplicating the existing rail infrastructure and a four-year extension of mine life. An EPA review highlighted deficiencies with the noise impact assessment for the proposal so additional information was requested to ensure that noise impacts of the proposal are properly assessed.

### **T4 coal loader proposal in Newcastle**

In early 2012, Port Waratah Coal Services submitted an application to DP&I to construct and operate a fourth coal loader on Kooragang Island in Newcastle. The proposal (referred to as 'T4') includes establishing a coal stockpile area and export terminal with a maximum capacity of 120 million tonnes of coal per annum.

The environmental assessment report for the T4 project was exhibited for two months from March to May 2012. Following a detailed review of the project, the EPA provided a submission to DP&I to consider in the determination process. DP&I subsequently referred the proposal to the PAC for determination.

The EPA has since received a number of inquiries from the local community about the T4 proposal. Community concerns have related primarily to air quality and the generation of dust from the proposed coal stockpiles.

The EPA carried out a detailed review of the Air Quality Impact Assessment for the proposal as part of the overall review of the project during the exhibition period. This assessment was also subject to an independent expert peer review prior to exhibition of the environmental assessment documents.

The EPA has advised DP&I that if the project proceeds, particle control measures should be audited to benchmark effectiveness with additional controls during periods of adverse weather to ensure off-site impacts of the project are minimal. The EPA's input will assist in achieving air quality goals in the Lower Hunter.

If the project is approved, it will require an EPL from the EPA.

## **KEY RESULT AREA 1:** **Key performance indicators**

**KPI: Where the EPA has a statutory role, engage with proponents prior to determination of the application 100% of the time**

In 2012–13, the EPA received 486 requests for input on planning matters, an increase of 5% from the previous year.

	2011–12	2012–13
Number of planning referrals received by the EPA	461	486

## KEY RESULT AREA 2: Reduce environmental impacts and improve environmental outcomes

### AIR

#### *Wood smoke reduction initiatives*

Smoke from domestic solid fuel combustion heaters, such as wood heaters and open fireplaces, is a major cause of air pollution in NSW, especially in densely populated areas with colder climates. The **impacts of wood smoke** on local air quality vary from area to area due to differences in topography, weather conditions, housing density, the number of wood heaters in use and how they are operated. Exposure to the fine particles in wood smoke is a significant health concern as it can cause respiratory and circulatory problems, particularly in the elderly, children and those with pre-existing health conditions.

In 2012–13, the EPA developed a number of programs and policies to support local government to reduce wood smoke in areas with potentially high population exposure. The EPA's three-year **Wood Smoke Reduction Program** aims to assist local councils with:

- community education programs about the impacts on health of wood smoke pollution and how to operate wood heaters correctly
- surveys of smoky chimneys with follow-up education and enforcement action
- targeted cash incentives for the replacement of old, polluting wood heaters and fireplaces with cleaner alternatives.

Funds totalling \$1.185 million over three years are being made available to NSW local councils over the course of two winters. In winter 2013, approximately \$600,000 was awarded to 17 councils whose proposals met the selection criteria.

The EPA also commenced public consultation on the options for the control of wood smoke by local government in NSW. A **discussion paper** covered the health impacts of wood smoke, outlined the current process to manage it, and described potential additional wood smoke control measures that local councils could adopt.

All of these initiatives will help reduce the impacts of wood smoke and benefit community health through the improved operation or removal of many wood heaters. Ongoing benefits are expected from the education and enforcement components of the program, which raise awareness of the harmful effects of particles on human health and encourage continuing improvements in how communities manage their heating needs.

#### *National Plan for Clean Air*

The Council of Australian Governments (COAG) identified air quality as a Priority Issue of National Significance and, in 2011, agreed to develop a **National Plan for Clean Air** by the end of 2014. With the NSW EPA Chair and CEO leading a national Air Thematic Oversight Group tasked with developing the plan, the EPA is playing a key role.

The national plan seeks to maximise health benefits to the Australian community through the use of emission reduction measures with the least cost. It will also respond to a review of the **National Environment Protection (Ambient Air Quality) Measure**. Development of the plan is occurring in two stages, the first focusing on particles, which is the pollutant of greatest health concern.

Key achievements in 2012–13 in Stage 1 of the plan's development included:

- evaluating options for an exposure reduction framework, which aims to achieve a general lowering of background pollutant concentrations in urban areas
- a health risk assessment of the impacts of four key ambient air pollutants – air-borne particles, ozone, nitrogen dioxide and sulfur dioxide
- identifying potential new air quality standards for particles and an economic analysis of the costs and benefits of a range of possible particle abatement measures
- progressing three emission reduction projects, including release of a Consultation Regulation Impact Statement for wood heaters in April 2013 and commencement of a Decision Regulation Impact Statement for non-road spark ignition engines, as well as a Consultation Regulation Impact Statement for non-road diesel engines
- evaluating options for national regulation of emissions from products and equipment.

The Air Thematic Oversight Group will report the final outcomes of Stage 1 to the COAG Standing Council on Environment and Water in late 2013. Completing Stage 1 will also involve:

- evaluating monitoring and reporting changes associated with new particles standards
- finalising emission reduction projects to the point where the COAG Standing Council is able to consider actions for implementation
- preparing a particles strategy for public release.

Stage 2 development of the national plan, involving action on other key ambient air pollutants such as ozone, nitrogen dioxide and sulfur dioxide, will commence in the second half of 2013.

## ***Air Emissions Inventory***

The EPA released the **air emissions inventory for the 2008 calendar year** in October 2012. Published every five years, the inventory is a detailed snapshot of the major sources of air pollution in greater Sydney, Newcastle and Wollongong (the Greater Metropolitan Region – GMR). It lists over 1000 substances released into the atmosphere by natural and human sources. Significant human sources of air pollution typically include service stations, domestic wood heaters, EPA-licensed coal mines and power stations, diesel-fuelled equipment used at mines and quarries, and registered buses, cars and trucks.

The inventory is used to:

- track over time changes in air emissions and evaluate the effectiveness of existing air quality programs, such as the clean air regulations for industry and service stations
- identify new cost-effective approaches for improving air quality, such as the Dust Stop Program for coal mines
- fulfil NSW State of the Environment and National Pollutant Inventory reporting obligations.

The inventory data is also a critical input to a number of scientific studies.

Inventories had previously been prepared for 1992 and 2003. The 2008 inventory showed a reduction in the Sydney region between 1992 and 2008 in smog-forming compounds, such as oxides of nitrogen (NO<sub>x</sub>) and volatile organic compounds (VOCs), as well as particle pollution, such as PM<sub>10</sub>, even though the economy, vehicle use, energy consumption and population all increased. These reductions occurred in part through the regulation of industry by EPA licensing and improvements in motor vehicle and fuel quality standards. Over the same period, NO<sub>x</sub> and PM<sub>10</sub> pollution grew substantially in the GMR as a whole as electricity generation at coal-fired power stations and coal mine production both increased.

Air pollution from unregulated sources like diesel locomotives, mining equipment and ships has also continued to grow and the development of cost-effective emission reduction actions has become increasingly important to control these sources.

In 2013, the EPA began developing a web-based tool to give the community better access to air emissions inventory data. Stakeholder representatives from industry and the community and professionals in the environment, air quality and regulatory sectors are helping shape the tool during its continued development in 2013–14.

The EPA will commence work on the 2013 calendar year emissions inventory in 2014, with completion expected the year after.

### **Senate Air Quality Inquiry**

The Australian Senate's Community Affairs Reference Committee conducted an inquiry into the impacts on health of air quality in Australia in 2012–13. The terms of reference of the inquiry were the impacts on health of air quality in Australia, including:

- particulate matter: its sources and effects
- populations most at risk and the causes that put those populations at risk
- the standards, monitoring and regulation of air quality at all levels of government
- any other related matters.

The EPA provided a **submission** to the inquiry addressing the terms of reference. The EPA Chair and CEO, supported by the EPA, the Office of Environment and Heritage (OEH) and Department of Health staff, participated in a public hearing in Newcastle in April 2013. The EPA also provided a supplementary **submission discussing** national initiatives, the EPA's role in protecting air quality in small communities and the regulation of coal mines.

### **Upper Hunter Air Particles Action Plan**

Air quality in the Upper Hunter is a priority for the EPA and the local community, with a particular focus on particle emissions from coal mining. The EPA, in cooperation with other Government agencies, is working with industry and the community to reduce particle emissions in the Upper Hunter.

In April 2013, the EPA released the **Upper Hunter Air Particles Action Plan**. The plan outlines a range of measures in place or being developed to improve air quality in the Upper Hunter and sets out the Government's goals for air quality and protecting public health. These include actions to engage with communities, improve planning decisions, reduce particle emissions from coal mines and other sources, and improve the evidence base for action through monitoring and research.

To help implement the actions in the plan, the EPA has established and chairs a high-level Interagency Taskforce on Air Quality in the Hunter with representatives from NSW Health, the Department of Planning and Infrastructure and NSW Trade and Investment's Division of Resources and Energy.

Actions being implemented by the taskforce include:

- Under its Dust Stop Program, the EPA placed binding pollution reduction conditions on licences for open-cut coal mines in March 2013, requiring the mines to reduce dust from unsealed roads, cease operations in adverse weather, investigate better ways of controlling dust from mining activities, such as digging, dumping and bulldozing, and monitor the effectiveness of these actions.
- A program requiring coal mine operators to benchmark emissions from off-road diesel plant and equipment against international best practice and report back to the EPA by June 2013 – based on this information the EPA has required operators to take feasible measures to reduce diesel emissions from these machines.
- Development of a PM<sub>2.5</sub> fine particles air quality model for the Upper Hunter airshed which will simulate the dispersion and transport of fine particles in the region and estimate the effect of emission abatement actions in current and future years – information from the model will then be used to inform future measures to improve air quality in the region.

## **Upper Hunter Air Quality Monitoring Network Regulation**

Amendments in December 2010 to the **Protection of the Environment Operations Act 1997** (POEO Act) has enabled the EPA to make regulations to establish environmental monitoring programs and impose a levy on relevant licensees to recover the costs of the programs. This allows the EPA to collect monitoring information where a cluster of industries may be having a significant cumulative impact on population centres and the environment more generally.

In February 2013, the first regulation of this kind commenced, providing for the ongoing funding of the **Upper Hunter Air Quality Monitoring Network** by requiring holders of licences for electricity generation and coal mining in the region to pay an environmental monitoring levy.

This innovative approach to monitoring pollution:

- provides government, industry and the community with reliable and up-to-date information on air quality in the Muswellbrook, Singleton and Upper Hunter local government areas
- enables the air quality in these areas to be assessed against relevant air quality standards
- helps identify the sources of air pollution in these areas and the cumulative impacts associated with multiple sources of pollution
- assists in the development of strategies to improve air quality.

The levy replaces funding agreements between the EPA and Upper Hunter licensees that expired in December 2012 which provided for the construction and initial operation of the network. It will ensure the licensees involved continue to pay a levy to fund the ongoing operation of the network and a construction levy for new monitoring stations if required.

Under the regulation, licensees are required to provide information to the EPA on their emissions of particles, nitrogen and sulfur dioxide and, for coal mines, the amount of material moved. This information is used to calculate the annual levy payable by each licence holder.

The regulation also requires the EPA to publish the results of air quality monitoring from the network and prepare annual and five-yearly reports. The annual reports must contain an analysis of the air quality monitoring carried out under the monitoring program for the previous year.

The five-yearly reports must provide:

- a review of the effectiveness of the monitoring program in meeting its objectives
- the results of an independent audit of the efficiency and cost-effectiveness of the monitoring program
- any recommendations for improvements.

All reports will be made available on the EPA's website.

## **Dust Stop Program**

There is growing awareness among medical professionals of the potential for fine particles to have adverse impacts on health. NSW coal mines contribute to approximately 60% of the emission of particles that are less than 10 micrometres ( $10^{-6}$  metres) in size, known as PM<sub>10</sub>. Following a comparison of NSW coal mines against international best practice, the EPA established its **Dust Stop Program** to reduce particle emissions from coal mines.

Initially, each coal mine in NSW was issued with a pollution reduction program (PRP) to bring their licensed activities up to an acceptable standard. PRPs are commitments added to environment protection licences (EPLs) with legally enforceable timelines that recognise standards or targets cannot be improved or achieved overnight.

The PRPs required each mine to compare their dust control systems against the EPA's best practice review and identify any practicable improvements. These reviews confirmed that haul roads and the digging, loading, dumping and shaping of overburden were the main sources of PM<sub>10</sub>. Ensuring that these sources are controlled is now the focus of Dust Stop.

In March 2013, each open-cut mine was issued with a set of three PRPs:

- The first PRP requires each mine to achieve 80% control of dust from its haul roads through increased watering and the use of dust suppressants.
- The second PRP requires each mine to cease or modify its overburden handling activities during adverse weather.
- The third PRP requires the mining industry to go beyond best practice by investigating ways to further reduce dust from overburden handling operations.

Each of these PRPs will be in force over 2013–14, during which the outcomes will be monitored. It is estimated that implementation of these PRPs should reduce PM<sub>10</sub> emissions from existing open-cut mines by 20%.

The Dust Stop Program is one of a series of initiatives being implemented by the EPA in NSW to reduce dust emissions. These measures are summarised in the [\*\*\*Upper Hunter Air Particles Action Plan\*\*\*](#), released in April 2013.

### **Operation Dusty Spring**

Between November 2012 and January 2013, the EPA conducted a number of inspections of EPA-licensed quarries around the south-east region of NSW. The inspection campaign – ‘Operation Dusty Spring’ – targeted dust control measures used at quarries.

The EPA receives many complaints from NSW residents near mines, quarries and crushing facilities about the impact of dust on their properties. Dust can exacerbate respiratory problems and is a nuisance for the community. Through this campaign, the EPA raised the awareness of the local quarrying industry about dust mitigation and measures the EPA expects to be used during extraction, transport, storage, crushing and grinding of materials.

As a result of the campaign, the EPA found that most of the quarries inspected were aware of the importance of dust suppression on their sites with most sites carrying out some form of dust control. The EPA found that the following dust control techniques were typically employed by the local quarrying industry:

- water – spraying haul roads, drill rigs, stockpiles, conveyor belts and crushers and using truck wash facilities
- vacuum-suction on drill rigs
- enclosed processing plants
- limiting of transport movements in and out of a quarry
- active revegetation of disturbed areas
- consideration of weather conditions before blasting
- dust monitoring using dust deposition gauges.

The EPA also found that most regional quarries had sufficient dust mitigation measures in place to comply with the short-term impact assessment criteria for particulate matter of 50 micrograms per cubic metre (µg/m<sup>3</sup>) near the site entrance.

Dust monitoring found significantly higher concentrations of dust near processing plants or at active quarry faces with short-term peaks of up to 3000–4000 µg/m<sup>3</sup>. Monitoring carried out as part of the campaign indicated that ambient dust concentrations in the state’s south-east in towns, such as Bungendore, Cooma, Goulburn, Marulan, Queanbeyan and Yass, were all below the annual assessment criteria for particulate matter (PM<sub>10</sub> value of 30 µg/m<sup>3</sup>).

## **WATER**

### ***Completion of the Griffith sewage treatment plant upgrade***

Following a series of offensive odour events from the Griffith sewage treatment plant (STP) in 2006–07 that prompted numerous complaints to Environment Line from West Griffith residents, the EPA identified the need for an infrastructure upgrade at the plant. The performance and capacity of the STP was being compromised by the rapid and sustained growth of local food processing plants and wineries, the release of residential land to the east of the city requiring an extensive reticulation system, and the ageing trickle filter plant and pond system.

The EPA negotiated a series of PRPs with Griffith City Council valued at \$25 million including:

- a requirement to pre-treat effluent released into the reticulation system through trade waste agreements with commercial and industrial customers
- chemical dosing of pump wells to treat septic effluent
- covering the inlet works to treat emissions of hydrogen sulfide gas
- constructing a contemporary membrane bioreactor treatment system and decommissioning the trickling filter plant.

Since completion of the works in October 2012, monitoring has confirmed the upgrade has produced the desired environmental outcomes including:

- significantly improved effluent quality
- reduced pollution loads discharged into the environment
- no recording of offensive odour emissions.

Due to the reduced pollutant loads being discharged from the plant, Griffith Council expects to be able to reduce its load-based licence costs and is investigating the options for further savings through an effluent reuse program.

The upgraded treatment plant has been shortlisted as a finalist in Engineers Australia's Engineering Excellence Awards (Sydney Division).

### ***Review of Snowy Mountains cloud-seeding operations***

Snowy Hydro Ltd (SHL) has been conducting winter cloud-seeding trials in the Snowy Mountains area since 2004. Cloud-seeding is a weather modification technique where a seeding agent is introduced into suitable clouds to encourage the formation and growth of ice crystals or raindrops, increasing the precipitation falling from the cloud. SHL relies on this induced precipitation falling into the catchments that supply water for its production of hydro-electricity.

In May 2013, new legislation came into effect which enabled SHL to conduct permanent cloud-seeding operations within an expanded area of the Snowy Mountains. The legislation also permitted the aerial application of alternative cloud-seeding chemicals and prescribed a new review and oversight role for the EPA.

Under the changes, cloud-seeding operations can only occur in accordance with an Environmental Management Plan (EMP) prepared by SHL in accordance with requirements set by the Minister for the Environment and the Minister for Planning and Infrastructure and then approved by both Ministers.

In consultation with the Office of Environment and Heritage (OEH) and the EPA, SHL prepared a new EMP for permanent cloud-seeding operations to commence in July 2013.

Under the legislation, SHL must prepare an annual report for the EPA and the relevant Ministers which includes details of the company's compliance with the EMP and its research and monitoring into the impacts of cloud-seeding.

The EPA's role will be to review each annual report and outline its findings and any recommendations to the EPA Board and the relevant Ministers. The first of these SHL annual reports will be submitted to the EPA in March 2014.

### ***New Wallerawang sewage treatment plant***

Audits over the past decade by the Sydney Catchment Authority of the Sydney drinking water catchment identified the Wallerawang STP near Lithgow as a contributor of pathogens and nutrients to the catchment.

In response, the EPA negotiated with the operator of the plant – Lithgow City Council – for an upgrade of the facility. This was formalised in a PRP attached to the council's environment protection licence (EPL) with best available technology to be used to achieve stringent discharge limits.

In 2012–13, Lithgow Council completed the EPA's PRP and commissioned the new Wallerawang STP at a cost of approximately \$8 million.

The new STP is an intermittently extended aerated plant which incorporates two forms of tertiary treatment: chlorine contact and ultra-violet disinfection.

The plant now discharges highly treated effluent containing around 98% less pathogens (measured as faecal coliforms) compared with the old facility, 95% less phosphorus and 50% less nitrogen, significantly improving the discharge limits into the receiving Upper Coxs River.

### ***West Cliff mine water discharge***

BHP Endeavour Coal (BHP) owns and operates the underground West Cliff mine near Appin.

The operation discharges surplus mine and stormwater into Brennans Creek, a tributary of the upper Georges River, in accordance with licence conditions. However studies showed a reduction in water quality and the diversity of macroinvertebrates downstream of the discharge.

Following independent water quality and ecotoxicological testing by the EPA, the outcomes of previous PRPs and increasing community concern, the EPA announced that it would add new limits on the concentration of salt and metals allowed to be discharged into Brennans Creek. This was a precautionary measure to ensure the ongoing protection of the waterway.

In September 2012, BHP applied to vary its licence, including a proposal for new discharge limits for salt and metals. The EPA considered its obligations under the POEO Act and invited and considered public submissions on BHP's application. The EPA also commissioned technical reviews of BHP's application by OEH and the CSIRO.

After extensive assessment and consultation, the EPA varied BHP's licence in April 2013 with new limits on salt and metals in the discharge and additional requirements to enhance the monitoring and reporting of discharge water quality and its ecological effects. The EPA also formalised a series of PRPs as conditions on BHP's licence, including new requirements to:

- change the physical configuration of the discharge to improve water quality downstream
- carry out a program of works to reduce the concentration of key pollutants to meet new stringent chemical and toxicity limits by 2016
- assess the aquatic health of Brennans Creek and the upper Georges River prior to, during and after completion of these PRPs.

These requirements take into account the complex nature of the discharge and the importance of the receiving waters. The EPA continues to monitor BHP's compliance with the new licence conditions for West Cliff mine.

## ***Hunter River Salinity Trading Scheme***

The **Hunter River Salinity Trading Scheme** (HRSTS) allows industries such as agriculture, mining and electricity generation to operate side by side, sharing use of the Hunter River while maintaining appropriate water quality. The HRSTS is designed to balance the need for good water quality in the Hunter River for water uses with the need by industry to discharge saline water. Overall, appropriate salinity levels are maintained by only allowing discharge during high-flow or flood events, balancing the amount of salt that industry can discharge with the naturally occurring salt in the river.

During the 2012–13 HRSTS period, three discharge events spanned a total of 36 days. When completed, a **full review of compliance** with the HRSTS will be reported to the community on the EPA website.

In 2012–13, the EPA commenced a statutory review of the **Protection of the Environment Operations (Hunter River Salinity Trading Scheme) Regulation 2002**. The review will examine the effectiveness of the scheme in managing the impact of saline water discharges in the Hunter River catchment as well as the efficiency, equity and ease of use of the scheme for participants and the EPA.

## ***Boggabri salinity offset***

After heavy rain in November 2011 and January 2012, it was realised that Idemitsu's Boggabri coal mine did not have development approval to discharge the floodwaters trapped in the mine pit. In February 2012, Idemitsu Australia Resources Pty Ltd applied to the EPA to vary its EPL to allow for the discharge of approximately 700 megalitres of water. As the trapped water contained dissolved salts, the EPA sought and obtained an agreement from the company to implement a salinity offset for the additional salt to be discharged from the mine and imposed conditions on the mine's licence to ensure the impact of the discharge would not be detrimental to water quality.

Following the pump-out of the mine pit, Idemitsu sought expressions of interest from the Tamworth and Gunnedah farming communities for possible salt offset projects. With the assistance of a local consultant, the company is finalising agreements with five farmers to support and encourage the rehabilitation of approximately 400 hectares of salt-affected land. Over a 10-year period, the offsets could reduce salinity discharges to the Namoi River by six times the amount of salt discharged from the mine.

## ***Gloucester sewage treatment plant upgrade***

When MidCoast Water took over Gloucester's sewage management in 2011, the EPA saw an opportunity to improve the system and commenced discussions with the utility.

The EPA negotiated a series of PRPs with MidCoast Water for Gloucester STP that have significantly improved effluent management.

In 2009, an artificial wetland was installed at the plant as a low-cost way to improve effluent quality prior to discharge. On commissioning the wetland, a PRP was added to the licence, requiring investigations into the performance of this additional effluent treatment over its first three years of operation. This PRP was completed in October 2012 and resulted in tighter licence limits being added to the licence, improving the protection of receiving waters.

Concurrent with this action, another PRP required steps to be taken to eliminate sewer discharges from the sewage reticulation system. These investigations and actions were completed in December 2012 with removal of a licensed discharge point that previously allowed untreated sewage to enter the Gloucester River in wet weather.

An additional PRP negotiated with MidCoast Water in July 2012 required a holistic consideration of future effluent management at the site. This investigation was also completed in December 2012 and highlighted beneficial reuse of treated effluent and additional wet-weather storage capacity as ways to better manage effluent into the future.

Consequently, in April 2013, the EPA negotiated two additional PRPs requiring installation of an effluent reuse system on neighbouring agricultural land that would reduce river discharges by up to 40% and investigation into wet-weather storage options. Both PRPs are due for completion by 2014.

Cooperative negotiation with MidCoast Water has resulted in significant improvements in effluent management, benefiting the environment, residents and visitors to Gloucester.

## COAL SEAM GAS

### *Regulatory reform*

There is significant community concern about the potential impacts of coal seam gas (CSG) activities on human health and the environment and the adequacy of its current regulation. A new approach is needed to rebuild trust and confirm the NSW Government is able to protect the community from potential impacts from CSG activities while enabling the industry to develop in the state.

In February 2013, the NSW Government announced a range of new measures to improve the regulation of CSG activities. These included the appointment of the EPA as the lead environmental regulator of the industry in NSW. The Government also amended the POEO Act to require anyone undertaking CSG exploration, assessment or production to hold an EPL from 1 July 2013.

The NSW Government also increased EPA resources to allow additional staff to be recruited to deal with CSG regulation and the purchase of specialist equipment. The new requirements will bring greater transparency to CSG activities, providing the public with **licence details** and the results of any **compliance and enforcement action** taken by the EPA.

In 2012–13, the EPA:

- consulted extensively with key industry, government and community stakeholders as it took up its role of lead regulator, a move which received strong support from stakeholders
- completed investigations into a number of alleged environmental incidents by CSG operators, resulting in two penalty notices and one formal warning being issued.

The EPA actively participates in a whole-of-government approach to CSG and continues to work with other agencies on complementary programs and measures to ensure CSG activities are appropriately regulated and are using best practice and that the community is kept informed of CSG developments.

The EPA's aim is to meet the community's expectations that it will be a strong regulator of CSG activities that protects community health and the environment and operates in a credible and transparent manner.

### *Regulation of the AGL Camden Gas Project*

AGL Upstream Investments Pty Ltd holds an EPL for the commercial production of CSG at the Camden Gas Project in the Camden and Campbelltown local government areas.

In December 2012, the EPA added five new PRPs to AGL's EPL, requiring the company to provide it with several assessments and reports. These dealt with matters such as groundwater attributes, groundwater monitoring, methane leak detection and repair, drilling, fracturing, well workover and chemical addition. The assessments were completed by AGL.

In January 2013, AGL announced an expansion of its water and air quality monitoring programs at the Camden Gas Project. The additional monitoring networks were an extension of the groundwater and fugitive methane emissions monitoring programs required by the EPA in the new PRPs in late 2012.

In May 2013, the EPA agreed to include these monitoring programs in the company's EPL. They are expected to provide increased information on the environmental performance of the premises and assist the EPA in its ongoing regulation.

## NOISE AND ODOUR

### *Review of the Industrial Noise Policy*

Released by the EPA in 2000, the ***NSW Industrial Noise Policy*** provides a formal process for the environmental impact assessment of noise from industrial sources and the determination of feasible and reasonable noise limits for consents or licences. In 2012–13, the EPA commenced a review of the policy and initiated two studies to inform the review.

### Temperature inversions

Temperature inversions occur when the temperature is coolest next to the ground and warms up as height increases. They are most common at night when ground-level air temperatures are cool. The warm air above the cool ground acts as a cap which refracts sound waves back to the ground, resulting in noise being heard over much longer distances.

The Industrial Noise Policy assumes that noise limits will apply under the weather conditions characteristic of an area, including any temperature inversions. The EPA commissioned a study in Camberwell in the Hunter Valley in 2010 and 2011 to investigate how accurately various methods of measuring temperature inversion are able to predict noise outcomes. The final report included recommendations on measuring the effect of inversions on noise and these are being considered during the review of the policy.

### Low frequency noise

Low frequency noise (LFN) is noise at the lower end of the audible frequency spectrum while 'infrasound' is at frequencies below those able to be heard. Since May 2012, an EPA-commissioned study has been examining LFN and infrasound to deliver:

- a database of LFN and infrasound measurements in various environmental settings in NSW, using a range of acoustic descriptors for contextual and educative purposes
- case studies at surrogate residential locations near known or suspected sources of LFN, including a coal mine, a gas-fired power station and a wind farm, to assist in the review of the LFN provisions in the Industrial Noise Policy.

The study is being overseen by an interagency steering committee with representation from the EPA, OEHL, Department of Planning and Infrastructure (DP&I), and Department of Trade and Investment, Regional Infrastructure and Services. The steering committee endorsed a technical subcommittee to oversee the execution of the study consisting of representatives from the EPA and DP&I. The final report will be taken into account during the review of the policy.

### *Updated Noise Guide for Local Government*

The ***Noise Guide for Local Government*** is a comprehensive manual to assist council officers to manage local noise problems. It covers the legislative framework for noise control, provides a quick reference guide to the authorities responsible for different types of noise, and explains both how to measure and assess noise and prevent and manage it. Case studies on typical problems faced by local councils are included with advice on how to use various regulatory tools to resolve them.

The guide was extensively updated in June 2013 to align it with changes to the regulatory provisions, clarify the existing material and provide additional guidance. In particular, the sections relating to vessels, aircraft and planning have been amended. Further guidance was provided on dealing with barking dogs and the management of large open air music events. A number of technical areas were clarified and references to government agencies responsible for managing noise updated.

The guide will continue to be a valuable tool that enables council officers to effectively and efficiently deal with the noise issues for which they have regulatory responsibility.

## ***Rail Infrastructure Noise Guideline***

The EPA's regulation of rail is primarily focused on reducing its noise impacts. RailCorp manages the network in metropolitan areas and the Australian Rail Track Corporation and John Holland Rail Pty Ltd in regional areas. The key tools to reduce noise impacts from rail system activities are:

- EPL limits which set noise criteria for new or substantially modified locomotives that are introduced to the network
- PRPs.

The licence limits apply to approximately 60% of the locomotives currently operating on the NSW network, which substantially meet these limits. However, it is the EPA's aim that all locomotives on the network meet these limits over time and it recently refused to approve a class of 50 locomotives to operate as they did not comply.

The EPA released the NSW ***Rail Infrastructure Noise Guideline*** in May 2013 to replace an interim 2007 guideline. The new guide specifies noise and vibration trigger levels for new or redeveloped heavy and light rail infrastructure projects, rail traffic-generating developments and non-network rail lines. Where these noise levels are likely to be exceeded when the rail project is operational, the proponent must consider feasible and reasonable noise mitigation to reduce the noise impacts towards the trigger levels.

The EPA is continuing to work with the rail industry to develop noise standards for locomotives and Noise Abatement Programs to address 'acute' levels of noise from existing rail infrastructure. Transport for NSW has established a Rail Noise Steering Committee involving the EPA, Ministry of Health and DP&I to develop an action plan to mitigate rail noise from existing infrastructure, and rail freight noise in particular.

## ***Licensing of wind farms***

In December 2011, the NSW Government appointed the EPA as the regulatory authority for all large-scale wind farms in NSW to reassure the community that noise emissions from wind farms would be appropriately regulated.

Wind farm noise is a complex issue. Wind turbines have unique noise-generating characteristics, including a noise output that varies with wind speed. With its expertise in managing noise and a robust regulatory framework for regulating noise-generating activities, the EPA is well equipped to deal with complex noise issues.

While operational noise is the main environmental issue regulated by the EPA in licences for wind farms, other environmental issues during the construction phase, such as construction noise, dust and sedimentation, may also be covered.

Schedule 1 of the POEO Act was amended to incorporate 'large-scale wind farms' into the EPA's licensing regime.

Licensing of large-scale wind farms provides checks and balances to ensure that the growing wind farm sector meets appropriate environmental performance requirements.

All large-scale wind farms (whether operational, under construction or about to commence construction) have a period of nine months from the beginning of July 2013 to obtain their EPL. During this transition period, the EPA will use environment protection notices and other general powers and provisions of the POEO Act to regulate their operations.

Licensees will be required to comply with the conditions of their environment protection notices and licences. The EPA will investigate any complaints received to determine if a large-scale wind farm is breaching its noise limits, including the outputs from any noise compliance monitoring.

### **Noisy Vehicle Compliance Program**

The EPA's motor vehicle compliance program focuses on vehicles that are excessively noisy. Compliance activities include joint operations with the NSW Police where vehicles are tested and inspected to ensure that they comply with requirements under the POEO Act and its regulations.

There were 15 joint operations in 2012–13 at various Sydney and regional locations, resulting in the issuing of 308 penalty notices to vehicle owners and 264 defective vehicle notices requiring vehicle problems to be fixed.

Members of the NSW Police and the public can also report noisy vehicles to the EPA. As a result of these reports, 2139 notices were issued in 2012–13, requiring owners to rectify the problem and the EPA suspended 323 vehicle registrations when owners failed to comply with the notices.

### **Odour at the Fletchers abattoir, Dubbo**

Fletchers International Exports Pty Ltd operates a licensed abattoir in Dubbo. A component of the abattoir's operation is its effluent reuse system which is used to treat the wastewater from the processing plant prior to its use for irrigation.

Following numerous complaints about offensive odours from the effluent treatment system, the EPA implemented a PRP requiring the licensee to:

- engage an appropriately qualified person to assess the causes of the offensive odours from the effluent ponds
- prepare a report on the findings of the assessment
- propose mitigation measures and implementation timeframes.

The report identified that the offensive odour was the result of a changeover in the effluent ponds which disrupted the biological processes of the effluent ponds' aerobic and anaerobic systems. This caused a subsequent failure in the system's normal biological treatment processes.

Following receipt of the findings from the first PRP, in April 2013 the EPA required a second PRP covering the implementation of agreed mitigation measures, including a number of actions identified in the assessment report. Fletchers undertook the agreed measures which led to improved biological treatment processes and a significant reduction in odour released from the premises.

### **Rutherford Odour Investigation Project**

Following discussion with the **Rutherford Air Quality Liaison Committee**, the EPA let a contract in June 2012 to develop an odour sampling investigation program to identify potentially offensive odour sources in Rutherford Industrial Estate. The **consultant's report** provides:

- a desktop review of potential odour sources at both EPA-licensed and non-licensed facilities within the industrial estate
- a discussion of the meteorological and topographical conditions at the estate
- a review of existing data from the EPA **Air Emissions Inventory**, National Pollutant Inventory and source emissions

- a review of complaints records
- a review of activities carried out and the likelihood of 'marker odour chemicals' from premises
- a literature review of sampling and monitoring methods that could be used to sample odour emissions from the premises.

The report recommended seven options to assess the emission of odours from Rutherford Industrial Estate. The preferred option, and that supported by the Rutherford Liaison Committee, was to undertake a sampling and modelling program within the industrial estate.

In March and April 2013, the EPA commissioned the sampling and modelling programs. Direct emissions sampling from industrial stacks and vents in the industrial estate and ambient field odour assessments surrounding the estate were carried out first, followed by odour dispersion modelling to complete the sampling program.

The program aims to rank individual odour sources according to their relative potential impact on residential areas with results expected in early 2014.

Key Result Area 5 of this report provides further information on the Rutherford Air Quality Liaison Committee.

### ***Odour reduction from Newcastle industries***

The EPA has placed PRPs on a number of key industries in the Newcastle area to reduce odours.

Cargill Australia presses oil from seeds, such as canola or cotton, at premises on Kooragang Island. This process involves heating oils which generate odours. While the plant had odour controls in place, they were ineffective at times.

The EPA worked with Cargill to place a PRP on the company, requiring it to install a bio-filter and redirect process odours to this filter. Cargill completed the works under the PRP in December 2012. The EPA noted a significant reduction in odours from the premises and community complaints relating to odours as a result of the works undertaken.

## **MANAGEMENT OF CONTAMINATED SITES**

### ***Regulation of significantly contaminated land***

The EPA continues to regulate a number of significantly contaminated legacy sites in NSW, including remediation of the Hunter River, the Barangaroo development site in Sydney and the former Orica chlor-alkali plant at Botany.

#### **BHP remediation of the Hunter River**

Since 2002, BHP Billiton has been investigating and working to remediate the riverbed adjoining its former steelworks site in Newcastle, which was contaminated with tarry residue and hydrocarbons during the facility's 84 years of operation.

The EPA signed off on the company's Hunter River remediation in late 2012, following an independent audit of the work it had done. The remediation and dredging for port activities cost approximately \$400–\$500 million and took more than two years during which around 600,000 cubic metres of contaminated sediments was removed from the riverbed to storage in a specially constructed cell on Kooragang Island.

#### **Barangaroo remediation**

The large-scale, 22-hectare redevelopment of the former Patricks container terminal at East Darling Harbour is being coordinated by the Barangaroo Delivery Authority. Significant development of Barangaroo's southern commercial and residential precinct began in late 2011 while construction of the northern headland park commenced in late 2012.

The EPA regulates the remediation of a relatively small two-hectare former gasworks site under the **Contaminated Land Management Act 1997** (CLM Act) and development activities in general under the POEO Act. The current remediation activities include a trial of the use of in-situ oxidation technology to destroy concentrated tars on the site and finalisation of detailed remediation plans for the regulated gasworks area.

## **Orica Botany**

Mercury used at Orica's former chlor-alkali plant at Botany between 1944 and 2002 resulted in contamination of nearby soil and groundwater. Orica commenced remediation of the site in May 2011 but technical and operational issues forced a suspension of the works.

In January 2012, the EPA issued a Management Order under the CLM Act. In response, Orica submitted two remedial action plans to address contamination on parts of the site and, at the request of the EPA, also prepared a number of additional management plans to address other potential environmental concerns at the site relating to the remediation.

Orica will begin renewed works in accordance with the remedial action plans in mid-2013 with the operational aspects of the works being regulated under the POEO Act. The works are scheduled to be complete by 2015.

## ***Mercury Independent Review at Orica Botany***

In response to concerns raised by the community, the EPA announced in January 2013 that it would conduct a comprehensive independent review of the environmental and health impacts from historic mercury emissions at Orica's former chlor-alkali plant at Botany. Orica has agreed to fund the Independent Review.

The purpose of the **Mercury Independent Review** is to:

- determine if there is a significant public health risk associated with mercury release and the level of such risk to the community
- determine if there are any sources of community exposure to mercury that are not currently being managed and controlled
- ascertain if there are communities and/or individuals at risk
- in so doing, assist in reassuring the community that appropriate actions are or have been taken through current and legacy projects managed by Orica at the site and regulated by the EPA.

A steering panel was established to provide the Independent Review with expert advice and an opportunity for community involvement to inform and oversee the review. The panel has met a number of times and agreed on terms of reference for the review and a staged scope of works. The panel will evaluate the results of the investigation and its recommendations and communicate the findings to the community.

The EPA has requested tender applications for Stage 1 of the review from suitably qualified independent experts to analyse the available data. This will include submissions sought from members of the public. By the end of July 2013, the reviewer will determine what further information is needed to assess the potential health risks and provide recommendations, including the appropriate environmental testing types, methodologies and locations.

In later stages of the project, a contractor will conduct the appropriate environmental testing and analyses to identify any significant sources of mercury exposure which may cause possible short- and long-term impacts on health. The contractor will also make recommendations to inform risk assessments for public and individual health concerns, if required.

## **Contaminated Land Management Program**

The NSW Environmental Trust established its Contaminated Land Management Program (CLM Program) in 2001 to provide financial assistance for the remediation of significant contamination.

Funding is provided to legacy sites where, without external funding, existing harm would continue or become worse and the clean-up would be significantly delayed or potentially not occur at all. The CLM Program addresses the legacy of past poor waste disposal practices using funding derived from the NSW **Waste Levy**.

The three schemes under the CLM Program are the Innocent Owners Scheme, Council Gasworks Program and Derelict Underground Petroleum Storage Systems (UPSS) Pilot Program.

Key achievements under the CLM Program in 2012–13 included:

- Innocent Owners Scheme – The EPA worked on behalf of the site owners to project-manage the remediation of a former battery-processing facility in Young. All remedial works were completed and grant funds expended by the end of June 2013. Monthly maintenance of the remediated site will continue for a period of up to six months before the project is finalised.
- Council Gasworks Program – The EPA assisted Deniliquin Council to successfully obtain grant funding for additional investigations at the town's former gasworks site.
- Derelict UPSS Pilot Program – The EPA:
  - assisted Dungog, Liverpool Plains, Greater Taree and Muswellbrook councils to successfully obtain remediation grant funding for four contaminated sites identified during the first stage of the pilot program and also helped them with the development and tender planning for the remediation stage
  - project-managed a second round of preliminary investigations in five more local government areas by receiving the grant funding, tendering the works, awarding the tender and commencing the investigative works.

The EPA oversaw expenditure of almost 90% of the available funding for the CLM Program in 2012–13.

In 2013–14, the EPA will:

- continue to support councils in managing their projects under the Council Gasworks Program
- complete project management of the second round of the preliminary investigations under the Derelict UPSS Pilot Program
- continue to support completion of the four council remedial works under the Derelict UPSS Pilot Program.

## **Underground petroleum storage systems**

The **Protection of the Environment Operations (Underground Petroleum Storage Systems) Regulation 2008** (UPSS Regulation) aims to improve operational practices and prevent contamination at sites with underground petroleum storage systems (UPSS). The UPSS Program:

- provides an opportunity to educate and train councils on the requirements of the UPSS Regulation
- assesses the degree of compliance using a structured audit program
- increases awareness of the UPSS Regulation through advertising and media
- encourages compliance by providing assistance and guidance to the owners and operators of UPSS throughout NSW.

In 2012–13:

- the EPA joined with local government to conduct six audit inspections in the Sydney metropolitan area
- 65% of sites with UPSS were shown to comply with the UPSS Regulation
- the EPA met with many representatives from the major and locally owned fuel chains who manage 81% of UPSS sites to educate and provide assistance on implementing and complying with the UPSS Regulation.

Results of the UPSS audit program to date indicate varying levels of compliance with the UPSS Regulation by the petroleum industry. The major fuel chains are generally compliant while independent fuel owners and operators are slowly moving towards compliance with EPA guidance and assistance.

Future audits of UPSS sites will target areas of high risk to provide greater awareness and assistance within the petroleum industry. These targeted audits will allow independent fuel owners and operators to conform with the requirements of the UPSS Regulation as well as further educate local government where necessary. Continued non-compliance in high-risk areas is likely to result in regulatory action by the EPA under the UPSS Regulation.

### ***Lead-based paint clean-up at Lawrence***

Inadequate controls during sandblasting of old paint and rust from a water tower in the town of Lawrence near Grafton on the north coast resulted in lead-dust contamination of a nearby property and the local primary school grounds. The work was carried out by a contractor for Clarence Valley Council.

Despite an initial clean-up of the private property owner's home by the council, the resident became concerned with the potential for the paint to be lead-based and lodged complaints with the council and the EPA. Test results confirmed that the paint was lead-based and contaminated land consultants were subsequently engaged to confirm the extent of contamination on the private property and the school grounds.

The EPA worked with NSW Health and the Department of Education and Communities to close access to areas of the school grounds that fell within 40 metres of the water tower as an interim precaution.

A Clean-up Notice was issued to Clarence Valley Council requiring all contaminated areas to be remediated to an appropriate standard and to ensure appropriate management of any risks to staff, students and local residents.

The EPA also issued a Penalty Notice to the council and the contractor in relation to the lead-based paint contamination. Clarence Valley Council has now complied with the notice to remediate the site and recently confirmed that the success of the remediation process has been verified in a final testing of the site.

## **RADIATION**

### ***Radiation Auditing Program***

EPA compliance programs under the ***Radiation Control Act 1990*** aim to minimise the impacts from the use of radiation on the public, employees and the environment. Audit programs take a risk-based approach that focuses on those non-compliance areas with the greatest potential for impacts on people and the environment.

Compliance programs in 2012–13 targeted:

- radiation sources in the mining industry to ensure they are controlled as required
- registration and disposal pathways for expired sources to ensure their safe removal from use
- veterinary use of radioactive substances on animals to ensure that they are being used safely and disposed of properly.

### ***Solaria buyback and disposal***

To reduce the incidence of cancer associated with the use of tanning units, the NSW Government will ban cosmetic UV tanning services from 31 December 2014.

To support the commercial tanning industry to transition from UV tanning ahead of the ban, the EPA has developed the UV Tanning Units Disposal Scheme, commencing on 1 July 2013. The scheme provides for the collection and permanent, environmentally safe disposal of unwanted tanning units and maximum recovery and recycling of materials, such as mercury from UV tubes and other components. The scheme will also help minimise the transfer of commercial units into private homes or interstate markets.

### ***Remake of the Radiation Control Regulation***

The **Radiation Control Regulation 2013** contains new and amended provisions that support the amendments to the Radiation Control Act which commenced on 1 July 2013.

Effective 31 December 2014, the new Regulation will prohibit the direct or indirect provision or offer of cosmetic tanning services for fee or reward.

A new, more streamlined system of radiation licences and accreditations is being introduced. Devices, apparatus and premises will no longer need to be individually registered. Instead, the person responsible for any number and type of regulated materials will be required to hold a single radiation management licence. Management licences will also cover the possession, selling or giving away of regulated material. In most cases, existing exemptions will continue to apply.

The fee payable for radiation management and user licences (except those that only authorise the selling of regulated material) will be determined by the number and/or type of regulated material that is covered by the licence. Regulated material will fall into one of four categories, grouped according to the level of radiation risk with higher risk material attracting higher fees.

New security requirements have been created for security-enhanced sources in accordance with the **Code of Practice for the Security of Radioactive Sources**. These include:

- requirements to prepare security plans endorsed by an accredited assessor
- implementing security protection measures and reporting any incident involving a breach of those measures
- ensuring that anyone who deals with a radiation source and anyone prescribed to do so by the regulations undergo the required identity check.

### ***Radiation Advisory Council***

The Radiation Advisory Council provides advice to the Minister for the Environment on the administration of the radiation legislation and measures to prevent or minimise the dangers arising from radiation.

During 2012–13, the council provided valuable input to the EPA and the Minister on remaking the Radiation Control Regulation 2003 and implementing changes to the Radiation Control Act, which from 1 July 2013 takes a risk-based approach to radiation licensing.

## **PESTICIDES**

### ***Regulation of sports turf and turf production industries***

Following a tip-off from a member of the public, an EPA investigation revealed instances of pesticide misuse at a golf course in Sydney. Further inquiries found that there was significant non-compliance with the supply and use of non-turf registered pesticides in the broader sports turf industry.

As a result of the investigation, the Lakes Golf Club agreed to enter into an Enforceable Undertaking with the EPA which resulted in the payment of \$50,000 to Randwick City Council for environmental works and other measures aimed at preventing any recurrence of pesticide misuse. The EPA also issued two Penalty Notices under the **Pesticides Act 1999** to the former Course

Superintendent for using pesticides in contravention of the pesticide label and failing to keep records of pesticide use.

Investigations into the use of herbicides in the sports turf industry and, in particular, the use of the pesticide atrazine revealed high levels of non-compliance, including unauthorised use of the pesticide and failure to keep the required records for pesticide use.

In response, the EPA undertook an audit program which involved:

- issuing 20 notices to several Sydney Basin chemical retailers requiring them to report in detail on the sales of a number of pesticide products in a two-year period from late 2010
- issuing 85 notices to purchasers of these products requiring evidence of use, detailed records of applications and copies of training qualifications for those recorded as having applied the products
- issuing 63 Penalty Notices to turf growers, local councils, golf and bowling clubs for a variety of offences including:
  - unauthorised use of pesticides
  - failure to keep records of pesticide use and account for the quantities of product purchased in records of use
  - application of pesticides without the required qualification or employment of personnel without qualification to carry out pesticide applications.

The EPA also worked with representatives of the golf industry, including state and national bodies, to raise awareness of the issue across the industry and develop strategies to improve compliance. As a result of the campaign, the golf industry has established a new environmental management accreditation scheme for golf courses, a training course and a record-keeping kit. The industry has also published a number of articles on the EPA campaign in various industry magazines and newsletters.

### ***Grain silos inspection campaign***

In 2012–13, the EPA and WorkCover conducted a joint statewide inspection program of grain handling facilities. The program focused on compliance with the Pesticides Act and its Regulation, including key provisions such as record keeping and training. WorkCover reviewed the storage of pesticides and the use of fumigants at grain storage facilities. In total, 13 facilities were inspected, 10 of which were operated by GrainCorp and three run by other operators.

The campaign found that the performance of grain handling facilities with respect to the Pesticides Act and Regulation was generally good, although the storage of chemicals at some sites required improvement. Overall a few relatively minor issues were identified and advisory letters were sent to facility operators for follow-up action which has since been addressed by the facilities.

### ***Horticultural farming pesticide campaign***

A statewide compliance campaign by the EPA in 2012–13 focused on the use and storage of pesticides in the horticultural industry. In addition to checking compliance, the campaign provided an opportunity to raise awareness in the industry of regulatory requirements, including record keeping and training.

While the campaign uncovered non-compliance with provisions such as the keeping of records on pesticide use, instances of actual environmental harm were not detected. Six Penalty Notices were issued: four for record-keeping breaches, one for a breach of the pesticides training provisions and one for using the incorrect pesticide on a crop.

A number of growers in Griffith, Queanbeyan, Bathurst and Sydney were issued with advisory or official caution letters to deter them from possible future breaches. EPA officers with foreign language skills participated in follow-up inspections for growers with limited English language skills.

## ***Awareness campaign for 2,4-D use near cotton crops***

From February to June 2013, the EPA conducted a pesticides awareness campaign in the cotton-growing area near Narrabri and Wee Waa in northern NSW. The campaign followed extensive damage to cotton crops, which was thought at the time to have been caused by phenoxy herbicide spray drift.

Phenoxy herbicides include the product 2,4-D which, under certain circumstances, can volatilise and drift for long distances, causing damage to sensitive non-targeted crops, such as cotton. The EPA instigated the campaign after approaches from the cotton industry.

The campaign included consultation with the cotton industry, audits on properties where phenoxy pesticides were applied during the cotton-growing season, and media outlining the concerns. A key focus of the campaign was to ensure that landholders were aware of the risks of applying 2,4-D and understood their obligations when using herbicides.

While the audits identified that some farmers needed to improve their record keeping, overall landowners were well informed of the risks of phenoxy herbicides and many had introduced measures to minimise the potential for impact. For example, over 50% of the landowners audited did not apply phenoxy herbicides because of the risk to sensitive crops. In addition, farmers were using new technology, including camera-mounted and GPS-controlled spray systems with shutdown mechanisms, direct injection and pressure regulation to ensure even application, and ultra-coarse nozzles to minimise the risk of spray drift.

The EPA will work closely with the cotton industry in the 2013–14 growing season, trialling new monitoring technology for the early detection of 2,4-D spray drift. Further media campaigns and targeted record and training audits will also be undertaken with a particular focus on spray drift that occurs under adverse weather conditions.

## **NATIVE FORESTRY**

### ***Regulation of native forestry on public land***

Forestry operations in State Forests are approved under **NSW Forest Agreements and integrated forestry operation approvals** (IFOAs). IFOAs contain three licences that list specific conditions aimed at protecting different aspects of the environment:

- an EPL under the POEO Act which ensures that practical measures are taken to protect local waters from diffuse source pollution that may arise from forestry activities
- a threatened species licence under the ***Threatened Species Conservation Act 1995*** which contains measures to protect threatened flora and fauna and their habitat from activities associated with timber harvesting
- a fisheries licence under the ***Fisheries Management Act 1994*** which protects threatened fish species from forestry activities.

In 2012–13, the EPA completed 20 compliance audits and 25 investigations of active forestry operations on NSW public lands. This regulatory work targeted five compliance priorities for the management of important environmental features including:

- basal area measurement to ensure adequate numbers of large trees are retained to maintain forest structure
- retention, selection and protection of hollow-bearing and recruitment trees to ensure they continue to survive in logged areas and provide ongoing habitat features
- koala habitat identification and protection
- prevention of water pollution through the appropriate use of site-specific management approaches
- identification and protection of threatened species and their habitat.

The EPA investigated 16 compliance incidents reported to it by the public during the year. Key areas of community concern included protection of koalas and threatened species habitat, hollow-bearing and recruitment trees, and issues relating to regeneration, forest structure and forest health.

During 2012–13, the EPA issued the Forestry Corporation of NSW (formerly Forests NSW) with four warning letters, 12 advisory letters and 11 penalty infringement notices. One Land and Environment Court action was initiated in relation to forestry operations in Mogo State Forest.

### **Regulation of native forestry on private land**

The EPA regulates private native forestry (PNF) under the **Native Vegetation Act 2003** and the **PNF Code of Practice**. PNF is the harvesting of native forests for commercial purposes on privately owned land. The PNF Code sets minimum standards to ensure forests are harvested in an ecologically sustainable way. The conditions in the Code provide protection for non-wood values and values associated with old growth forest and rainforest such as animal and plant biodiversity, landscape and other natural resource values like protection of water and soil.

The EPA is responsible for approving forestry operations on private property. Property Vegetation Plans (PVPs) are agreements negotiated between landholders and the EPA to authorise these operations. Since the PNF Code's introduction in August 2007, 2563 PVPs have been approved covering 512,446 hectares. A total of 350 PVPs were approved in 2012–13 and the table shows the area added.

#### **Areas of PNF Property Vegetation Plans approved each year**

Forest type	Area of PNF PVP (ha)					
	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13
Northern NSW	63,845	92,390	54,727	58,490	58,730	43,184
Southern NSW	4,425	4,943	3,804	5,830	3,093	4,141
River Red Gum	18,394	37,367	4,506	11,860	4,664	10,047
Cypress and Western Hardwood	3,029	8,184	3,906	3,511	5,678	3,698
Totals	89,693	142,884	66,943	79,691	72,165	61,070

Forestry operations within approved areas may occur on a cyclical basis at any time during the term of a PNF PVP approval (generally 15 years). Only a small percentage of the total approved area will have active forestry operations occurring in a reporting period.

### **Compliance and enforcement activities**

The EPA continues to monitor compliance of PNF activities, undertaking operational inspections, audits and investigations which are supported by education, training and extension activities with PVP holders.

During 2012–13, the EPA carried out 130 operational inspections and 123 audits of PNF operations and commenced five new compliance investigations. As a result, it issued 11 warning letters, 36 advisory letters and 12 corrective action requests. Eighteen reports about non-complying or unauthorised private native forestry operations were received by OEH and the EPA during the year and all reports were investigated.

As in previous years, non-compliances have commonly been associated with the operation of roads and snig tracks, including road drainage feature crossings, and inadequate identification or protection of riparian areas. The EPA is working with landholders and contractors to improve operational best practice, including identifying features to be protected before commencing harvesting operations and minimising disturbance during them.

## Case study: Dorrigo area voluntary compliance

As a part of its ongoing regulation of the PNF Code of Practice, the EPA undertook a compliance campaign in the Dorrigo area along the north coast of NSW in August 2012. The purpose of the campaign was to assess the level of general compliance with the Code of Practice for Northern NSW.

Twelve properties in the Dorrigo area were audited over a three-day period. The audit of these properties focused on tree retention requirements, road and snig tracks, drainage feature protection and crossings, and rainforest and old growth boundaries.

Findings and resulting actions from the Dorrigo compliance campaign included:

- a reasonable level of compliance was achieved across the 12 properties, with a small number of minor operational issues needing improvement
- nine advisory letters were issued to landholders or contractors to provide feedback on their forestry operations and items that required improvement
- two corrective action requests were issued to bring forestry operations to a compliant standard.

The EPA received positive feedback from peak industry associations, landholders and contractors who generally agreed that on-site inspections with the EPA were a positive initiative which provided an opportunity to raise awareness and assist voluntary compliance with environmental requirements.

## Stakeholder engagement

The EPA recognises the valuable role the community and industry play in maintaining a sustainable native forestry industry and healthy and productive native forests. Community engagement includes collaborating with peak interest groups and government agencies that have a strong association with native forestry issues and informing and involving others who have a general interest in native forestry operations, policies and enforcement on public and private land in NSW. The EPA meets regularly with timber industry and conservation stakeholders to increase the opportunities for two-way communication about native forestry regulation issues.

In 2012–13, the EPA held:

- three meetings with peak conservation stakeholders in August 2012, February 2013 and May 2013
- two meetings with peak industry stakeholders in December 2012 and March 2013.

The meetings provided an opportunity for stakeholders to discuss issues and help consider forestry policies, projects and compliance priorities, including a Government-announced review of the four Coastal IFOAs and the EPA's Crown and PNF Compliance Strategies. The meetings also allowed the EPA to inform stakeholders of the breadth of its regulatory work and seek stakeholder assistance in facilitating voluntary compliance across the industry.

## Compliance strategies

The EPA finalised two compliance strategies which will set its focus in the regulation of native forestry operations on **private lands** and in **public forests** over the next three years. The strategies adopt a risk-based approach to regulation so compliance effort is prioritised around issues and activities that present the greatest environmental risk. This will ensure the EPA focuses its work and allocates resources in an efficient and effective way.

## Delivery of private native forestry training

The EPA **PNF training program** has been delivered in partnership with the NSW Department of Primary Industries since the release of the PNF Code in 2007.

In 2012–13, the EPA released a series of DVDs and video clips for landholders, contractors and other stakeholders interested in PNF. The training resources provide information to help landholders and contractors protect the environment and forest health during PNF operations. The resources build on the positive feedback received from people who attended the PNF training courses held across NSW in 2012–13 and previously.

The PNF DVDs and video clips are presented in two series. The introductory series introduces the viewer to PNF, including the approval process and forest management practices that help protect the environment and improve forest productivity. The technical series builds on the concepts in the introductory DVD, providing in-depth technical information to help landholders and harvesting contractors in applying the PNF Code of Practice.

## KEY RESULT AREA 2: Key performance indicators

### KPI: Improvement in compliance levels

In 2012–13, the EPA maintained high levels of regulatory compliance with the overall industry compliance rate with the requirements in EPLs improving by 0.3%.

	2011–12	2012–13
Levels of compliance with EPL requirements	99.3%	99.6%

## AIR

### KPI: Emission/discharge levels comply with national standards: particles and ozone

NSW complies with the goals for four of six major air pollutants set by the **National Environment Protection (Ambient Air Quality) Measure** (AAQ NEPM): carbon monoxide, nitrogen dioxide, sulfur dioxide and lead. However AAQ NEPM standards for the other two pollutants – particle pollution and ozone – continue to be exceeded in some regions of the state.

National standards for particle pollution (PM<sub>10</sub> and PM<sub>2.5</sub>) are generally met within the Greater Metropolitan Region (GMR) of Sydney, the Illawarra and the Lower Hunter, except during severe events such as bushfires or dust storms. In 2012–13, particle standards were exceeded in the GMR on 11 days during the year and 14 days in rural NSW (a total of 24 days for all of NSW) and an increase of 50% from 2011–12.

	2011–12	2012–13
Number of particle exceedences for the GMR and NSW rural regions	16	24

Ozone is a secondary pollutant formed when a range of emissions, mainly nitrogen oxides and volatile organic compounds, react in warm, sunny conditions. AAQ NEPM standards for ozone are exceeded in Sydney in most years. Ozone levels exceeded national standards on 4 occasions in the GMR during 2012–13 (the goal allows one exceedence day per calendar year) increasing by 33% from 2011–12.

	2011–12	2012–13
Number of ozone exceedences for the GMR	3	4

### KPI: Reduce the discharge of LBL pollutants to air from licensed premises

Discharges to air are mainly regulated through the load-based licensing (LBL) framework. However, within the licensed limits, the total load of pollutants discharged from year to year can be quite variable.

The total LBL pollutants discharged to air from licensed premises in 2012–13 was at least 364,000 tonnes.

Pollutant	Total emissions 2010–11 (kg)	Total emissions 2011–12 (kg)	Difference	Total emissions 2012–13* (kg)
Nitrogen oxides	164,263,428	165,584,486	0.8%	147,263,942
Sulfur oxides	246,688,349	255,915,878	3.7%	215,024,223
Volatile organic compounds	2,831,393	2,434,619	-14.0%	2,162,299
Fine particulates (PM <sub>10</sub> )	107,674,948**	134,208,489**	24.6%	No data

\* This data is not complete as some licensee annual returns have not been received yet.

\*\* This data is for facilities from the NPI.

### KPI: Reduce the number of complaints to Environment Line regarding dust

In 2012–13, the EPA Environment Line received 691 reports from the public about dust.

	2011–12	2012–13
Number of reports received about dust by Environment Line	n/a	691

## WATER

### KPI: Reduce the discharge of LBL pollutants to water from licensed premises

The EPA regulates the emission of pollutants to water sources through the LBL scheme, which sets limits on the loads of pollutants allowed by the holders of EPLs and links licence fees to the levels of emissions.

The total load of licensed discharges to NSW waters of major water pollutants, including nutrients (total nitrogen and phosphorus), sediments (total suspended solids), and oil and grease, has remained steady since 2001, although the levels of actual discharges reported can be quite variable from year to year.

When compared with annual average growth rates of about 1% in the NSW population and 2% in Gross State Product over the 10 years to 2011, this represents an effective decrease in emissions per capita and per unit of production.

The total LBL pollutants discharged to water from licensed premises in 2012–13 was at least 143,000 tonnes.

Pollutant	Total emissions 2010–11 (kg)	Total emissions 2011–12 (kg)	Total emissions 2012–13* (kg)
BOD	69,491,873	75,550,202	43,468,731
Nitrogen	20,735,793	21,531,457	20,269,967
Oil and grease	11,682,045	12,647,245	10,698,557
Phosphorus (total)	3,417,687	3,365,418	3,035,338
Total suspended solids	65,230,277	72,494,598	65,314,892

\* This data is not complete as some licensee annual returns have not been received yet.

## NOISE AND ODOUR

### KPI: Reduce the number of complaints to Environment Line regarding offensive noise and odour from regulated premises

Industry's performance in mitigating the impacts of noise and odour is assessed by monitoring community reaction to potential noise and odour issues. The KPIs show that during 2012–13, industry was consistent in its management of noise issues that affect the community. However, the number of odour complaints increased over the year.

	Jul–Sep 2012	Oct–Dec 2012	Jan–Mar 2013	Apr–Jun 2013
Number of Environment Line complaints on odour	378	554	798	749
Number of Environment Line complaints on noise	367	372	334	362

## MANAGEMENT OF CONTAMINATED SITES

### KPI: Increase in the number of contaminated sites being actively regulated or remediated

There are an estimated 30,000 contaminated sites in NSW. At most, the contamination will be minor and can be dealt with through the planning process. The EPA regulates only the more significantly contaminated sites where it is necessary to reduce threats to human health and the environment from legacy hazardous substances.

Data on EPA activity in relation to contaminated land during 2012–13 indicates a robust program of regulatory intervention resulted in five additional sites in NSW remediated for future safe and beneficial use.

	Jul–Sep 2012	Oct–Dec 2012	Jan–Mar 2013	Apr–Jun 2013
Number of regulated sites (cumulative)	221	223	224	229
Number of remediated sites (cumulative)	109	112	112	114

## NATIVE FORESTRY

### KPI: Ecologically sustainable forest management standards applied to all native forest operations

	Jul–Sep 2012	Oct–Dec 2012	Jan–Mar 2013	Apr–Jun 2013
Number of PNF Property Vegetation Plans	105	91	67	87
Number of State Forest compartments with active native forest operations covered by an IFOA	275	271	268	384

During 2012–13, it was found that 90% of forestry operations audited or investigated complied with the principles of ecologically sustainable forest management (ESFM), as outlined in Australia's **National Forest Policy Statement**.

	Jul–Sep 2012	Oct–Dec 2012	Jan–Mar 2013	Apr–Jun 2013
Percentage of compliance with ESFM principles	96%	100%	78%	77%

# KEY RESULT AREA 3:

## Responsive incident management

### INCIDENT RESPONSE AND EMERGENCY MANAGEMENT

The EPA is the coordinating agency for protecting the environment during disasters and major emergencies. As a member of both state and regional emergency management committees, the EPA advises other agencies on ways to prevent or minimise environmental impacts arising from incidents. It also works collaboratively with Fire & Rescue NSW in response to hazardous materials incidents.

#### *After-hours incident and hazmat advisory service*

The EPA maintains a statewide 24-hour emergency response service that is linked to Environment Line. It attends significant incidents to advise on environment protection measures and management of hazardous materials, and investigate potential breaches of environmental legislation.

Of 163 hazardous materials incidents notified to the EPA during the year, 40 were attended and telephone advice was provided for the rest.

Significant incidents in 2012–13 included:

- Riverstone, 1–2 October 2012 – A factory fire at a bulk cleaning products manufacturer required the management of approximately 60,000 litres of hazardous material waste mixed with firewater.
- Hume Dam, 14–15 October 2012 – A transformer fire at the Hume Dam substation resulted in a large black smoke plume, as well as the discharge of treated firewater to the Murray River (see details below).
- Jaspers Brush, 15 December 2012 – Following a collision and rollover on the Princes Highway near Berry, 30,000 litres of ethanol leaked from a road tanker. The EPA provided advice and was involved in the clean-up and recovery operations (see details below).
- NSW bushfires, January 2013 – The EPA provided advice and took part in recovery operations involving asbestos management from residential properties (see details below) and the disposal of dead stock.
- Smithfield, 17 January 2013 – An unmarked trailer carrying a large amount of unlabelled dangerous goods waste was found in a public area. The EPA coordinated other agencies to sample, analyse, transport and dispose of the dangerous cargo.
- Dee Why, 25 April 2013 – A road tanker lost approximately 3000 litres of E10 fuel to the stormwater system while filling underground fuel tanks at a service station. The fuel was flushed from drains into Dee Why Lagoon where it was first confined using floating booms and then removed.

#### *EPA incident management system*

To improve the consistency and effectiveness of the EPA's emergency management and incident response, the EPA has developed an incident management system (IMS), which clarifies the roles and responsibilities of officers and includes procedures concerning incident notification, escalation and communication.

The IMS is consistent with the Australasian Inter-Service Incident Management System and was developed in consultation with the internal EPA Emergency and Incident Response Regional Reference Group. This group consists of senior officers and managers from the various EPA regions across the state and regularly meets to discuss the incident response and emergency management issues each of the regions are experiencing.

Organisational learning has been integrated into the IMS through debriefing sessions following major incidents attended by the EPA. This internal assessment of the effectiveness of the response feeds into a continual improvement process for ongoing development and refinement of incident management procedures.

A training program in incident management for all EPA operational staff commenced in May and will continue through to August 2013.

## *Coordination of emergency management*

### **ENVIROPLAN**

The EPA is the Coordinator for the Environmental Services Functional Area Supporting Plan (**ENVIROPLAN**) which identifies the management arrangements for protecting the environment during emergencies in NSW. In this role the EPA is helping review the current ENVIROPLAN 2005, which is a supporting plan to the NSW State Emergency Management Plan (**EMPLAN**).

### **Multi-agency emergency exercises**

Good emergency management practices include conducting coordinated exercises which test emergency plans and operating procedures. By undertaking multi-agency exercises, agencies and staff improve their understanding of the state's emergency management framework. Exercises provide an opportunity to review response capabilities and implement any changes needed to improve processes in preparation for a real emergency.

The EPA sponsored a multi-agency exercise – Kip 4 – on 5 November 2012 involving recovery from a radiological incident. The principal focus of the exercise was the coordination of site clean-up and remediation following the conclusion of the initial response phase where the site had been rendered safe.

### **Jaspers Brush ethanol spill**

On 15 December 2012, a collision occurred between a truck transporting approximately 52,000 litres of ethanol and a utility on the Princes Highway at Jaspers Brush near the town of Berry. As a result of the collision, the tanker rolled, causing a spill of over 30,000 litres of ethanol.

Ethanol, which is both a dangerous good and an environmental pollutant, spilt onto grassland, soil and into Jaspers Brush Creek. The Princes Highway was closed for most of the day while Fire & Rescue NSW and other state emergency services contained and cleaned up the spill. In this incident, the EPA provided technical input on environment protection and community issues to the emergency services' decision-making processes.

Following standard practice for continual improvement, an internal debrief after the incident led to development and refinements to procedures that have now been embedded in both the EPA's incident management system and more broadly across the NSW emergency management framework.

As a result of the accident, the spill site and nearby groundwater became contaminated with ethanol. In consultation with the EPA, the environmental consultants engaged by the trucking company's insurer developed a site remediation program.

## Fire at Hume Weir power station near Albury

On 14 October 2012, the EPA was notified about a fire at the Hume Weir Eraring Energy power station about 12 kilometres east of Albury. EPA officers attended the site at the request of Fire & Rescue NSW and remained on site for the remainder of the emergency.

The incident attracted local and national media attention, with the fire forcing the closure of the 60-megawatt baseload power station. As a precaution, 512 residents were evacuated from the nearby Hume Weir Village from Sunday night until Monday morning.

Although the fire was extinguished early on Monday, fire authorities continued to douse the burnt infrastructure for over two days to prevent re-ignition of residual transformer oil, generating large quantities of oil-contaminated firewater.

The EPA's role during the incident was to provide technical advice on environment protection and clean-up matters, principally treatment of the contaminated firewater. This had been passed through an oil-water separator before its discharge to the Murray River. Captured oil was skimmed and removed by vacuum tankers for off-site disposal.

The EPA collected water samples from the Murray River the day after the incident and subsequent analyses by its laboratories showed no impact on the river from the firewater discharged during the emergency and subsequent clean-up.

During the incident, EPA officers were able to establish that Eraring Energy had activated its Pollution Incident Response Management Plan. The plan had been tested prior to the fire using a scenario similar to the incident that actually occurred. The plan, which is required to be prepared by all EPA-licensed premises, assisted in ensuring a prompt and organised response to this incident, thus minimising harm to the river and nearby residents.

As part of its involvement in the response, the EPA required Eraring Energy to prepare and submit a plan of short-term clean-up activities that it would undertake. After rendering the site safe, Fire & Rescue NSW formally handed over control of the site to Eraring Energy at midday on 17 October 2012. The EPA scaled down its involvement at this time, other than ongoing monitoring of the company's clean-up activities to ensure they were completed satisfactorily.

## Coonabarabran fires

In January 2013, Warrumbungle Shire and the Warrumbungle National Park were severely affected by bushfire. Approximately 60,000 hectares of land were burnt, destroying 53 homes, as well as sheds, agricultural machinery, livestock, and infrastructure at Siding Spring Observatory. Twenty-eight homes and a significant number of the sheds and other outbuildings that were destroyed were identified as containing asbestos materials.

As part of the recovery operations, the EPA was a member of a waste sub-committee which determined suitable disposal locations for asbestos-containing material. The EPA assisted in the development of a strategy to ensure this material was handled, managed and disposed of in a manner that posed no risk to human health or the environment.

The waste sub-committee developed the Coonabarabran Emergency Asbestos Management Plan for buildings found to contain asbestos, as well as the Coonabarabran Waste Management Plan which provided a framework for the handling, management and disposal of all other waste not contaminated with asbestos.

The EPA also advised the Recovery Committee and the public on the handling, management and disposal of asbestos-containing material and other waste generated as a result of the bushfire in a series of public meetings and other forums.

# REDUCING RISKS FROM HAZARDOUS MATERIALS

## *Dangerous goods*

### Auditor-General's report on the transport of dangerous goods

The EPA and WorkCover NSW have joint responsibility for regulating dangerous goods in NSW. In May 2011, the NSW Auditor-General tabled an **audit report** which made eight recommendations relating to the regulation of dangerous goods transport. These recommendations were implemented by 30 June 2012 and have been reflected in the EPA's 2012–13 regulatory program for dangerous goods transport.

In particular, the EPA has undertaken joint regulatory campaigns with the NSW Police, Roads & Maritime Services and WorkCover. These campaigns targeted identified risk areas including:

- transport of dangerous goods from Port Botany, the major entry point for dangerous goods being imported into NSW – as a result of these campaigns, the major port operators have implemented new measures to ensure that vehicles transporting dangerous goods from the port comply with dangerous goods requirements.
- transport of packaged dangerous goods from major distribution points – previous compliance campaigns identified packaged dangerous goods transport as a risk area, especially where unqualified subcontractors are engaged to transport loads. The results of a pilot campaign at Wetherill Park in June 2013 are being assessed with a view to extending the program statewide in 2013–14.
- roadside campaigns on major transport routes, including the Pacific Highway (Mt White and 12 Mile, north of Newcastle), Great Western Highway (near Lithgow) and Newell Highway (near Forbes) (see details below) – compliance levels were generally better than in 2011–12, although further work is needed to improve compliance along the Newell Highway.

The EPA continued its engagement with industry to improve awareness of dangerous goods requirements, including through sponsorship of the HAZMAT 2013 Conference and a presentation at the National Bulk Tanker Association Conference.

### Dangerous goods campaigns: Newell and Great Western highways

In October 2012, the EPA conducted a dangerous goods compliance campaign on the Newell Highway at Daroobalgie between Parkes and Forbes. Over 600 vehicles were stopped with 61 of these transporting dangerous goods. Thirty of the 61 vehicles were found to be non-compliant.

In December 2012, the EPA participated in a campaign run by the NSW Police on the Great Western Highway at Marrangaroo near Lithgow. Eighty-seven vehicles were inspected and 19 had dangerous goods aboard. Twelve of these were found to be non-compliant.

Both campaigns revealed a range of serious breaches, including not being placarded, incompatible dangerous goods being transported together, vehicles not fitted with fire extinguishers and other safety equipment, as well as more minor cautionary breaches. These were investigated and regulatory action taken.

## *Asbestos*

### Heads of Asbestos Coordination Authorities

Following the recommendations of a NSW Ombudsman's report on improving the management and monitoring of, and response to, asbestos issues in NSW, the Heads of Asbestos Coordination Authorities (HACA) was established in August 2011. Chaired by WorkCover, HACA is comprised of agencies and organisations chosen for their roles and responsibilities in improving the management of asbestos in NSW. HACA is responsible for developing coordinated prevention programs including:

- a Statewide Asbestos Plan
- a Model Asbestos Policy
- a comprehensive public awareness campaign to promote the safe handling of asbestos and help prevent the risk of exposure to asbestos-related diseases in the NSW community.

### Statewide Asbestos Plan

The **Statewide Asbestos Plan** provides a risk profile of asbestos in NSW, along with identified initiatives, actions and responsibilities for government agencies and representative bodies to address four priority areas:

- research – improved understanding of asbestos issues
- risk communication – increased awareness and knowledge
- prevention – protection of works, the community and the environment
- coordination – responsive planning, regulation and services.

The plan was prepared with input from government agencies, local councils, industry and employee representatives, researchers and asbestos diseases groups. Following a period of public comment on a draft, HACA finalised the plan in September 2012 and released it during Asbestos Awareness Week in the following November–December.

The EPA is the lead agency for a number of initiatives in the plan, including additional monitoring and regulatory and compliance campaigns to protect the community and the environment from asbestos contamination. The EPA also has a shared responsibility with other agencies to prepare and disseminate additional education and guidance material to improve understanding of asbestos issues and hazards.

## KEY RESULT AREA 3: Key performance indicators

### KPI: Debriefs for 100% of major incidents involving a coordinated response

During 2012–13, the number of debriefs more than doubled those conducted the year before.

	2011–12	2012–13
Number of staff debriefs conducted	6	13

### KPI: All relevant staff trained in incident response

The development of the EPA incident management system (IMS) in 2012–13 improved communication and consistency of EPA incident management. In order to ensure appropriate implementation of the IMS, all relevant staff are being trained in incident response with 68 receiving training in 2012–13.

	2011–12	2012–13
Number of staff trained in incident response	n/a	68

### KPI: Reduce the occurrence and impacts of hazardous material incidents

In 2012–13, the number of hazardous materials incidents notified to the EPA fell from 204 in 2011–12 to 163. Of these, 40 required on-site attendance by an EPA officer and telephone advice was provided for the remainder.

The reduction in incidents reported is likely to be due to the passing of a spike in notifications following the earlier Orica incident at Kooragang in 2011–12 and subsequent legislative reform and media attention. However, from December 2012, the rate of notifications rose again due to better

integration of the EPA's business processes with Fire & Rescue NSW's notification system, which captured some incidents that may not have previously been reported to the EPA.

	2011–12	2012–13
Number of hazardous material incidents	204	163
Number of hazardous material incidents requiring EPA attendance	47	40

## KEY RESULT AREA 4: Reduce waste and increase recycling

### INCREASE RECYCLING

#### *Waste Less, Recycle More*

The NSW Government unveiled a new waste and recycling initiative in February 2013 – ***Waste Less, Recycle More*** – which aims to transform waste and recycling in NSW. The initiative includes a \$465.7 million funding program over five years and improvements to the Waste Levy system. The EPA will lead the implementation of *Waste Less, Recycle More*.

The initiative was developed in response to the recommendations of an ***independent review of the Waste Levy***. As the largest waste and resource recovery funding package in Australia, *Waste Less, Recycle More* will help achieve the state's recycling targets, stimulate investment in infrastructure and combat littering and illegal dumping.

Key funding programs in the package include a \$250 million Waste and Recycling Infrastructure package, that comprises:

- \$60 million to stimulate investment in waste and recycling infrastructure to support levy-paying communities
- \$70 million to facilitate the establishment of community drop-off centres for problematic wastes such as gas bottles, paint and fluoro tubes
- \$70 million to target the collection and reprocessing of food waste from businesses and householders
- \$35 million to support NSW businesses in increasing waste avoidance and resource recovery
- \$15 million to support recyclers in reducing residuals, increasing their efficiencies and developing innovative recycling solutions and new markets.

Other key funding initiatives include:

- \$137.7 million over five years for local councils to develop fit-for-purpose local solutions for their communities, including the 2012–13 ***Waste and Sustainability Improvement payment*** which will assist local councils to transition to the new program when it commences in July 2013
- \$58 million to combat illegal dumping through partnerships between the EPA, local councils, the community and landowners
- \$20 million in funding for litter programs to improve the state's per capita litter performance.

In 2012–13, the EPA's key achievements included:

- design of the *Waste Less, Recycle More* initiative
- stakeholder information forums held across NSW
- release of the ***Draft NSW Strategy to Combat Illegal Dumping*** for consultation
- release of the ***NSW Energy from Waste Draft Policy Statement*** for consultation

- stakeholder consultation forums on the draft design of waste infrastructure grant programs and their finalisation in conjunction with the Environmental Trust
- payment of \$38.7 million in Waste and Sustainability Improvement funds to levy-paying councils.

## **Love Food Hate Waste**

The EPA's **Love Food Hate Waste** program aims to motivate the community to avoid food waste at home and work. The program seeks to increase awareness of food waste and encourage behavioural change to help householders and businesses save money, and reduce their environmental impact and ultimately the amount of 'good' food that gets thrown away.

Reducing food waste is key to achieving the 2014 recycling targets. Food is the largest component of household waste at close to 40% or 800,000 tonnes per annum and is the second largest component of business waste – 13% or 400,000 tonnes per annum. More than 1.2 million tonnes of food waste are disposed of to landfill each year.

Quantitative research revealed that NSW households waste on average \$1036 worth of edible food each year, amounting to more than \$2.5 billion each year across the state. There is significant scope for both households and businesses to avoid generating food waste in the first place with estimates that up to 60% could be avoided.

In 2012–13, *Love Food Hate Waste* had a number of achievements:

- Community members directly exposed to the program reduced the amount of food they threw away by 2.1 litres, worth an average of \$19.50 per week and over \$1000 a year.
- Round two of the *Love Food Hate Waste* grants program provided \$292,050 to fund 17 community education projects, leveraging a further \$358,537 in cash and in-kind contributions.
- The EPA hosted a professional development forum for program partners to support their on-ground delivery of the program. *Love Food Hate Waste* reached over 160 program partners across local and state government, the community, NGOs and business sectors, including the Sydney Opera House, Keep Australia Beautiful and the Ethnic Communities Council of NSW.
- There were 58,000 unique visitors to the program's website and a further 160,000 visitors to partner webpages.
- Over 70 media items on the campaign appeared in print, on radio and TV, and online.
- Quarterly newsletters were distributed to approximately 2000 community members.
- The inaugural Love Food Film Competition coordinated by the Institute for Sustainable Futures at the University of Technology Sydney was held with the support of *Love Food Hate Waste*.

The *Waste Less, Recycle More* initiative will assist the program to expand the reach of its messages into the community. This will involve:

- a renewed communications strategy engaging social media
- a further \$387,858 to support 21 new community education projects in 2013–14
- expanded professional development and resources for program partners.

## **REDUCE WASTE**

### **Review of the NSW WARR Strategy**

In 2012–13, the EPA developed a draft of a revised NSW Waste Avoidance and Resource Recovery Strategy (WARR Strategy) to replace the existing strategy from 2007. To underpin the new WARR Strategy, the EPA commissioned a benchmarking study to assess waste management developments in other Australian states and comparable international jurisdictions, as well as independent studies to inform potential targets for recycling.

The WARR Strategy is required under the **Waste Avoidance and Resource Recovery Act 2001** and sets statewide targets to avoid waste generation, increase recycling and reduce litter, illegal dumping and problem wastes. Recycling targets in the previous 2007 strategy were adopted as priorities in the Government's **NSW 2021: A plan to make NSW number one** and have proved to be an effective driver of action across all sectors in NSW.

The EPA has already discussed the new WARR Strategy with a number of stakeholders and will release a draft for public consultation in 2013–14 with a final strategy to follow. The WARR Strategy provides the opportunity to set a renewed long-term direction for waste reduction and recycling in NSW in the context of the significant funding commitments made in the *Waste Less, Recycle More* initiative announced in February 2013.

## **Energy from waste**

Current NSW policy on the production of energy from waste (the 2005 **Guidance Note: Assessment of Non-Standard Fuels**) has tight constraints on permissible materials and facilities. Recent independent reviews into NSW waste strategy and policy and the operation of the state's Waste Levy both recommended development of a modern energy-from-waste policy that reflected international best practice and available technologies.

In 2011–12, the EPA formed a consultative committee comprised of key stakeholders from industry, local government and environment groups to help develop a new draft policy for public consultation. Two agreed key aims of the policy were to ensure that the availability of energy recovery did not undermine current or future material recycling opportunities and emissions from facilities met stringent standards to protect the environment and human health. Relevant criteria in the draft policy include the need to meet international best practice for air emissions, thermal efficiency and resource recovery.

The **NSW Energy from Waste Draft Policy Statement** was released for public consultation in March 2013 for an eight-week period with notification letters distributed to 466 key stakeholders. Consultation sessions on the draft policy were held across NSW at Coffs Harbour, Dubbo, Kiama, Maitland, Parramatta, Sydney, Tamworth and Wagga Wagga. The EPA also held individual meetings with the Department of Planning and Infrastructure, Department of Trade and Investment (Primary Industries and Resources and Energy), Office of Environment and Heritage, Victorian EPA, Queensland Department of Environment and Heritage Protection, and 12 other industry stakeholders.

The EPA is reviewing the 57 submissions received in consultation with industry, local government, environment groups and other government departments to develop a final policy that will provide regulatory clarity to industry and the community.

## **Waste Levy review**

The **Waste and Environment Levy** (Waste Levy) is the NSW Government's key market-based instrument for driving waste avoidance and resource recovery in NSW, making it more financially attractive to recover waste than to send it to landfill.

The Waste Levy has driven significant improvements in recycling. In 2010–11, NSW residents and businesses recycled about 10.8 million tonnes of waste, 63% of the total waste generated. While more is being recycled in NSW than ever, the overall waste generated is also increasing – from 11.8 million tonnes in 2002–03 to 17.2 million tonnes in 2010–11. An additional one million tonnes would need to be recycled each year to meet the NSW recycling targets for 2014.

*NSW 2021: A plan to make NSW number one* identified a review of the Waste Levy as a priority action to increase recycling to meet the recycling targets, conserve landfill space and turn waste into a valuable resource.

The EPA coordinated an **independent review of the Waste Levy** by KPMG in 2012, the first review of the levy since its introduction in 1971. The review focused on:

- the impact of the Waste Levy on the recycling industry and households
- funding arrangements to facilitate greater investment in infrastructure
- the impact of the levy on illegal dumping, including the proper disposal of asbestos.

KPMG produced 17 recommendations to improve the effectiveness of the Waste Levy to deliver new recycling programs, stimulate recycling infrastructure and better engage local communities to tackle illegal dumping and littering.

In February 2013, the NSW Government adopted 15 of the KPMG recommendations as part of its waste and recycling funding initiative *Waste Less, Recycle More*, which the EPA will lead.

## REDUCE LITTERING AND ILLEGAL DUMPING

### *Consultation on Draft Illegal Dumping Strategy*

The EPA's ***Draft NSW Strategy to Combat Illegal Dumping*** was publicly exhibited from February to April 2013 with stakeholders offered an opportunity to participate in open consultation forums hosted by the EPA in Coffs Harbour, Dubbo, Griffith, Kiama, Parramatta, Queanbeyan, Tamworth and Wyong.

A total of 225 participants attended the forums, representing local councils, public land managers, state government agencies, Aboriginal land councils, industry and environmental consultants, and non-profit agencies.

The draft strategy was strongly supported with agreement that the EPA is the right agency to lead and facilitate action against illegal dumping in NSW. Most stakeholders represented an interest in ensuring their local issues are addressed. The EPA gathered an overwhelming amount of quality information regarding small- to medium-sized projects that stakeholders would like funded to combat illegal dumping throughout NSW.

Feedback from the forums demonstrated many new relationships were established between stakeholders. The EPA encourages these new relationships which should promote a collaborative approach to managing illegal dumping, such as sharing plant and equipment for cleaning up illegally dumped waste as well as knowledge, resources and skills to implement prevention mechanisms.

After receiving this valuable feedback from stakeholders, the EPA redrafted the strategy to balance the actions to be implemented across all six of the 'tactics' it contains. The revision now clearly defines the desired outcome of each tactic and identifies the key stakeholders for each.

Information sessions are planned when the final strategy is released.

### *Proceedings against serial dumper Dib Hanna*

Mr Dib Hanna was first prosecuted by the EPA in 2010 after several councils and the Western Sydney Regional Illegal Dumping (RID) Squad had worked tirelessly with the EPA to build a case against him through covert surveillance and other investigations.

On 23 June 2010, Mr Hanna was convicted of four offences under section 143 of the ***Protection of the Environment Operations Act 1997*** for transporting waste to a place that could not lawfully receive it. He was penalised \$104,000 with clean-up costs of \$8282.60 and legal costs of \$21,000.

Despite the sentence, Mr Hanna continued to dump waste and, on 21 March 2011, the EPA obtained a court order restraining him from illegally dumping waste. However, Bankstown City Council and the EPA obtained evidence that Mr Hanna was continuing to dump waste following the court order. This led the EPA to commence contempt proceedings against Mr Hanna in the Land and Environment Court on 9 August 2012 for breaching the order.

On 4 April 2013, the Court found Mr Hanna guilty of the charge of contempt and sentenced him to three months prison, suspended for three months on the condition he entered into a good behaviour bond.

In sentencing Mr Hanna, the Court found that the contempt was very serious considering his total disrespect for authority, the nature of the contempt, his lengthy record for similar offences and the lack of any action to purge his contempt. However, the Court also found that suspension of the sentence was appropriate in the circumstances.

On 30 May 2013, the NSW Government introduced the Protection of the Environment Operations Amendment (Illegal Waste Disposal) Bill 2013 which creates a 'repeat waste offence' (illegal dumping within five years of a conviction for the same offence), punishable by up to two years' imprisonment. The Bill also gives the EPA the power to seize a vehicle used for the purpose of a repeat waste offence.

### **Household Chemical CleanOut**

The **Household Chemical CleanOut** program has been delivered in partnership with local government since March 2003. The program enables households to dispose of common household hazardous materials in an environmentally acceptable manner, helping to reduce community exposure to chemicals and waste. Through the establishment of well-publicised temporary collection sites, the CleanOut program has facilitated the collection, treatment, recycling and safe disposal of household hazardous materials throughout NSW.

In 2012–13:

- 46 collections were held throughout Sydney, the Hunter and Illawarra regions
- 33,669 households participated in the CleanOut program
- 1,244,133 kilograms of potentially hazardous materials were recycled or safely disposed.

The CleanOut program is the largest household chemical collection program in Australia in terms of the number of local government areas involved, population served, annual number of collections and participants, and the quantities of materials collected. Collection events for 2012–13 have shown that community support for the program and participation rates continue to grow.

The program will soon be enhanced through the **Waste Less, Recycle More** initiative with funding for the establishment of a network of community recycling centres across NSW. These will primarily target high-volume, low-toxic materials, such as paint, oil, gas bottles, batteries, fluorescent lights and smoke detectors. It is envisaged that these centres will expand their services to provide solutions to other problematic household wastes identified at the local community level.

### **Aboriginal Land Clean-Up Program**

The Aboriginal Land Clean-Up Program is an EPA initiative administered by the Environmental Trust to help reduce the impact of illegal dumping on Aboriginal-owned land. The initiative supports Aboriginal land councils to enter into partnership with their local council to clean up illegal dumping and implement preventative measures to avoid further incidents on Aboriginal-owned land.

The program commenced in 2005 and provides grants of up to \$50,000 per project per year. To date, funding of \$1.52 million has been provided to 34 projects across NSW. In 2012–13, a total of \$220,165 was split between five projects, due to be completed by 30 June 2013.

Since its inception, 5610 tonnes of illegally dumped material has been cleaned up under the program. Of this, 4270 tonnes has been recovered – three-quarters reused, over 1200 tonnes recycled and the rest (1340 tonnes) landfilled appropriately.

Social, cultural, economic and environmental benefits of the program are achieved by:

- initiating working partnerships
- dissemination of information and education to involve communities and enhance compliance
- promoting recycling and recovering resources from waste
- improving aesthetic values
- providing healthier living environments to the communities.

## ***Australian Packaging Covenant grants***

### **Glass crushing infrastructure**

Glass is one of the most widely used forms of packaging in Australia, with significant infrastructure already in place for its collection and recycling. However only 47% of glass was recycled in Australia in 2010 and over 40,000 tonnes of glass remains in the NSW general waste stream each year.

To address this issue, the Regional Glass Crushing Infrastructure Grant Program was established, with the purpose of measurably increasing the amount of mixed glass recycled in regional NSW by providing and supporting appropriate recycling infrastructure. A specific goal was to increase and sustain glass recycling by at least 9000 tonnes per annum. These aims have been helped through the establishment of technical, work health and safety, and environmental standards for the use of crushed glass less than 6 millimetres in size for civil works applications.

In February 2013, the NSW Government, together with the **Australian Packaging Covenant**, awarded grants worth almost \$900,000 to establish four glass-crushing facilities with project partners in Moruya, Nowra, Tamworth and Wagga Wagga. Not-for-profit or private sector organisations that currently provide recycling services have been funded to purchase, own and operate the units as an extension of their existing business. The EPA will also fund supporting education and training activities, undertake market development activities, and publish a guide to establishing glass-crushing infrastructure and services.

### **Expanded polystyrene infrastructure**

Expanded polystyrene infrastructure (EPS) is widely used for packaging throughout Australia for such items as fruit and vegetables and electronic goods.

In 2009–10, only 7% of the 44,535 tonnes of EPS consumed in Australia (not including imported packaging) was recovered.

Because of its bulk, EPS is costly to transport and dispose of. EPS is easily windblown and does not break down in the natural environment and therefore causes litter problems. However, new and relatively low-cost technology is now available to melt and compact EPS, greatly reducing the cost of transport. While existing secondary markets for recovered polystyrene are almost entirely overseas, there is strong demand from overseas markets for recovered polystyrene in the \$300–\$500 per tonne range.

In 2012, the NSW Government, together with the **Australian Packaging Covenant**, awarded grants worth almost \$1 million to 19 recycling operations across NSW. These include grants of up to \$50,000 each for seven local councils, eight businesses and four not-for-profit organisations. The grants were used to purchase and operate recycling equipment for expanded polystyrene.

The purpose of the project is to measurably increase the amount of EPS recycled in NSW by providing and supporting appropriate recycling infrastructure. The goal is to increase and sustain EPS recycling by at least 600 tonnes per annum. Grants were made available from June 2012 with equipment commissioned during September and October 2012. The EPA has also funded supporting education and training activities, evaluated various approaches to EPS recycling, and will publish a guide to establishing EPS recycling infrastructure and services in 2013.

Many grant recipients have established local collection services or EPS drop-off points at well signposted recycling depots. This is often done in association with existing arrangements for recovered computers and televisions allowing transport of EPS to a central location for compaction, greatly increasing the efficiency of its recovery. Most recipients also purchased hot compactors that create general purpose polystyrene up to 100 times denser than EPS. Each 15-kilogram block of general purpose polystyrene is worth about \$7.50, making it valuable enough to transport to buyers in Sydney or even overseas. While the cost of compaction and transport is generally higher than the market value of the recovered polystyrene, there is a waste disposal saving as the value of landfill space means that every tonne of EPS recycled saves a landfill owner between \$1500 and \$2500.

As of May 2013, grant recipients were recycling a total of 25 tonnes per month, a figure expected to double by the end of 2013. The growing certainty of supply has prompted one NSW-based recycler to pursue investment in an extrusion and pelletising plant in Sydney to value-add the recovered EPS.

### ***North-west landfill survey and campaign***

Following investigations into landfills in the Narrabri and Tenterfield areas in 2012, the EPA commenced a program to assess landfill performance in the state's north-west. The EPA held workshops in Tamworth and Dubbo and invited local government to participate in an online survey.

Twenty-six of the 28 local councils in the area replied to the survey, covering 217 sites made up of 17 licensed landfills, 35 transfer stations, 49 closed sites and 116 operating but unlicensed landfills.

The combined information from the surveys has been provided back to councils and contains useful information about the status of landfills in the north-west, including their capacity, management cost, volumes of waste and management challenges.

Based on the survey responses, the EPA has ranked the sites for further inspections to verify the accuracy of the self-assessments and check site risk. That information and the survey results will be used to identify common concerns, gaps and risks posed by landfill management and will be the focus of workshops in 2013–14.

Local government will be encouraged to use the knowledge and skills gained from the workshops to implement programs to improve performance. The EPA will do routine follow-up to work with individual councils where there are higher risks.

### ***Littering from Vehicles Compliance Program***

The EPA undertakes litter compliance and enforcement activities, including where litter has been discarded from motor vehicles. In 2012–13, the EPA issued 674 penalty notices for motor vehicle littering offences. Members of the public can also report littering from vehicles to the EPA. During the reporting period, 3766 warning letters were issued to vehicle owners based on community reports.

## KEY RESULT AREA 4: Key performance indicators

### KPI: Increase recycling to meet the 2014 waste recycling targets in NSW 2021

The latest data available\* indicates that between 2008–09 and 2010–11, recovery and reuse of materials increased by 8% in the municipal sector, 5% in the commercial and industrial sector, and 2% in the construction and demolition sector. These reflect positive gains towards the 2014 targets under **NSW 2021: A plan to make NSW number one**.

	2008–09	2010–11
Increase recovery and use of materials from the municipal sector from 44% in 2008–09 to 66% by 2014	44%	52%
Increase recovery and use of materials from the commercial and industrial sector from 52% in 2008–09 to 63% by 2014	52%	57%
Increase recovery and use of materials from the construction and demolition sector from 73% in 2008–09 to 76% by 2014	73%	75%

\* 2012–13 data available in early 2014

### KPI: By 2016, NSW will have the lowest litter count per capita in Australia

EPA programs focusing on litter reduction are showing improvement. The Keep Australia Beautiful National Litter Index recorded that litter items in NSW fell from 80 per 1000 square metres in 2005–06 to 58 in 2011–12, equal to the national average; it then rose slightly to 61 in 2012–13. When population is taken into account with these figures, NSW has maintained its ranking as the second best performing state or territory in terms of items littered per capita.

	2010–11	2011–12	2012–13
Litter count per capita, according to Keep Australia Beautiful National Litter Index (Items per 1000 m <sup>2</sup> per 100,000 persons)	1.04	0.80	0.84
NSW litter count per capita national ranking	2nd	2nd	2nd

### KPI: At least one million kilograms of household chemical waste collected each year

	2010–11	2011–12	2012–13
Kilograms of household chemical waste collected	1,188,046	1,271,728	1,244,133

### KPI: Reduce incidents of large-scale illegal dumping detected in Sydney, the Illawarra and Central Coast by 30% by 2016–17

Waste compliance campaigns conducted by the EPA have increased by 25% since 2010–11 and the EPA recorded a 15.6% reduction in the incidence of large-scale dumping detected over the same period (an annual average rate of 8%). This represents solid progress towards the target of reducing large-scale illegal dumping in key regions by 30% by 2016–17.

	2010–11	2011–12	2012–13
Reduction in the incidence of large-scale illegal dumping detected compared with 2010–11	–	9.1%	15.6%
Number of EPA waste compliance campaigns to combat illegal dumping	16	19	20
Number of EPA and RID Squad illegal dumping investigations	77	70	65

# KEY RESULT AREA 5: Improve communication, stakeholder engagement and knowledge management

## STAKEHOLDER ENGAGEMENT

### *Stakeholder engagement and governance*

EPA Chair and CEO, Barry Buffier, met with the EPA's major stakeholders during the year to build relationships and develop ways of working more effectively together. In 2012–13, Mr Buffier attended 138 meetings with local and state government agencies; industry, community, environmental and lobby groups; business associations; union groups; and other jurisdictions, including EPA Victoria and EPA South Australia.

As part of its stakeholder engagement focus this year, the EPA conducted a comprehensive research survey of community, industry and other government groups. The findings of the survey will inform further development of the organisation's stakeholder engagement strategy, which is designed to build productive and two-way relationships with the wide range of EPA external stakeholders.

### *Regulation of Sydney's sewerage systems*

The EPA regulates Sydney Water's sewerage systems through numerous environment protection licences (EPLs), covering treatment plants and the entire reticulation network. These sewerage systems have been designed with relief overflow structures which act as safety valves in extreme conditions. Sewage is more likely to overflow from the system during periods of wet weather, due to stormwater ingress into the sewage pipes through cracks and cross-connections from private properties. With the sewerage network unable to convey excess sewage to treatment plants in these conditions, it is directed to a stormwater drain or waterway rather than into a residential or commercial property.

Since Sydney Water's EPLs were introduced, the utility has made substantial investment in reducing sewage overflows during wet weather, particularly at locations with a high frequency of overflows. Following implementation of these overflow abatement works between 2000 and 2010, the EPA and Sydney Water both recognised a need to re-examine how the impact of wet-weather overflows on the environment, public health and amenity was regulated and whether the current program was achieving the expected benefits.

In 2010, the EPA required Sydney Water to commence a pollution reduction program for wet-weather overflows. This required the utility to develop a strategic framework that underpinned investigations, works and activities to abate the overflows, and submit it to the EPA by June 2013.

In 2012–13, the EPA worked in detail with Sydney Water to provide expert review and input to its development of this framework. A new approach has identified those areas most affected by sewage overflows and in need of works to minimise or mitigate their impact on the environment, public health and amenity.

The EPA has received and is considering Sydney Water's final proposal on the new strategic framework. If accepted, the EPA will oversee the implementation of a pilot program over a four-year period. During this time, the EPA will continue to work closely with Sydney Water to ensure that the associated abatement program recognises established community values for waterways, such as recreational use, healthy aquatic ecosystems and water for drinking and irrigation. The EPA will also monitor the progress of abatement works that are identified through the new framework, assess the environmental benefits that are achieved, and ensure the program is refined where necessary. The program will then be implemented more broadly across Sydney Water's full area of operations.

## Community outreach

Community involvement plays an essential role in environment protection. The EPA works with community groups to gain a greater understanding of local environmental concerns and help the community to report pollution incidents in the most effective manner possible.

The EPA continued to expand its community outreach initiatives in 2012–13, participating with community committees across the state to provide information about industry activities, address pollution concerns and develop better ways to engage with its community stakeholders.

### Metropolitan Region

The EPA works closely with communities throughout the Sydney Basin and Wollongong area. The main engagement is through community consultative committees of various types for intense industrial areas, such as Botany and Port Kembla, or issue-specific sites, such as AGL Camden (coal seam gas).

The EPA held a number of forums for the residents near the Orica plant in Botany Industrial Park to listen to concerns about the potential presence of mercury in the residential area. From these discussions, the EPA established an independent review overseen by a steering panel of experts and community members to ascertain the best methods for researching and ameliorating, if necessary, any potential mercury contamination in the residential area.

At Appin in south-western Sydney, the EPA altered BHP's licence conditions for its West Cliff mine. Due to the complexity of the site and the surrounding environment, the EPA consulted with the local community, councils and environment groups to ensure that their concerns and needs were understood and considered in determining the licence revisions. The new licence required the mine to meet pollution reduction targets for discharges from the mine into a local waterway. The EPA was later commended by many of the participants for the public consultation process and the outcomes achieved.

### Southern Region

In southern NSW, the EPA responded to community concerns about pollution from a developing mine site near Braidwood. The EPA worked closely to keep community representatives up to date on control works implemented at the site and the establishment of monitoring sites to audit any potential impacts on downstream water quality. The EPA also kept the community informed about regular inspections undertaken at the site with locals saying they appreciated the EPA's regular updates.

### Hunter Region

#### *Newcastle Community Consultative Committee on the Environment*

The Minister for the Environment established the **Newcastle Community Consultative Committee on the Environment** in 2011 as a key committee facilitated by the EPA with representatives from the community, industry and local government.

During 2012–13, the committee met nine times and discussed a number of significant environmental issues with a focus on air quality and industry in the Newcastle area, as well as the cumulative impacts of industry on the surrounding community. The committee also hosted three public workshops on local air quality management and related health issues.

The committee has played an integral role in advising the EPA on the development of the proposed Lower Hunter Air Quality Monitoring Network. In September 2012, the committee inspected 11 potential air quality monitoring locations for the proposed network. This followed an in-depth review of local meteorology and air quality commissioned by the EPA to monitor human exposure to Newcastle's industrial emissions.

In April 2013, a committee workshop facilitated by the EPA heard the views of the local community and industry representatives and presented technical information on measuring and interpreting air quality monitoring data, the application of air quality standards and guidelines and how this information is used by government to inform policy development.

The EPA will review outcomes of the workshop in consultation with the committee in 2013–14 to address key issues raised. The EPA has also engaged a consultancy, on behalf of the committee, to analyse local air quality monitoring data and advise on potential sources of the various types of particulate matter recorded. The project commenced in March 2013 and runs until August 2013.

### ***Newcastle Air Quality Monitoring Network***

One matter being considered by the Newcastle Community Consultative Committee on the Environment is the development of an industry-funded air quality monitoring network for the Newcastle area. This network would complement the air quality monitors already operated by the Office of Environment and Heritage (OEH).

As a preliminary step in progressing the development of a Newcastle Air Quality Monitoring Network, the EPA completed a meteorological study of the Newcastle Port area, a review of existing ambient air quality monitoring data and a review of all EPLs with emissions to air in the Newcastle Local Government Area. These investigations have provided a sound basis for the EPA and the community to identify the best sites for the proposed industry-funded monitoring stations and how many will be required.

The EPA has also developed funding models for construction and operation of the network which it outlined in a discussion paper for consideration by industry. The EPA has held two meetings with industries which may be required to contribute to the funding of the air quality monitoring network to explain the proposal, present the funding models and answer questions about the development of the network.

The air quality monitoring network is expected to be constructed during 2013–14.

### ***Rutherford Air Quality Liaison Committee***

The Minister for the Environment established the **Rutherford Air Quality Liaison Committee** in 2011 with members drawn from the local community and industry representatives and the EPA providing assistance and support.

The committee aims to provide a contact point between the local community and the EPA on matters specifically related to air quality at Rutherford Industrial Estate, including odour and air quality monitoring. The committee has three key functions:

- providing advice to the EPA on air quality issues or concerns within the industrial estate
- advising on the development of an odour source sampling and analysis campaign at the estate
- identifying interim measures that may be considered by the committee to mitigate or minimise the impacts of odour on residents.

The committee is non-statutory and takes no part in regulatory actions. Instead it is focused on collaboratively and proactively working to resolve the long-standing issue of odour in the residential areas surrounding Rutherford Industrial Estate. The committee has held a number of meetings to discuss and develop an odour source sampling and analysis campaign that is being managed by the EPA with results expected later in 2013.

### ***Upper Hunter Air Quality Monitoring Network Advisory Committee***

The **Upper Hunter Air Quality Monitoring Network Advisory Committee** was established in September 2010 with a charter to advise the EPA and OEH on matters specifically related to the design and operation of the **Upper Hunter Air Quality Monitoring Network** (AQMN). The committee has 13 members representing key industry stakeholders and community members, as well as local and state government.

A key task for the committee over the last 12 months has been to consider and provide comments on the development of the Protection of the Environment Operations (General) Amendment (Upper Hunter Air Quality Monitoring Network) Regulation 2012. The new Regulation, which commenced in February 2013, formalises the operating and funding arrangements for the Upper Hunter AQMN and replaces former Deeds of Agreement between the EPA and industry that established the network and funding arrangements in 2010.

The committee has also provided constructive feedback and comments to the EPA and OEHL in 2012–13 on the presentation of real-time air quality data on the EPA website as well as additional information that could be included to keep the community informed about air quality in the Upper Hunter.

## KNOWLEDGE MANAGEMENT

### *NSW State of the Environment 2012*

Section 10 of the ***Protection of the Environment Administration Act 1991*** requires the EPA to prepare a report on the state of the environment in NSW every three years. ***NSW State of the Environment 2012*** provided a snapshot of the status of the NSW environment and was tabled in both houses of the NSW Parliament.

The EPA prepared the report to provide credible, scientifically based, statewide information to assist those involved in environmental policy- and decision-making. It was compiled using data from a variety of Government departments and other sources. The process was overseen by a joint EPA–OEHL Executive sub-committee and the content was reviewed by Government agencies and independent experts.

*SoE 2012* found that widespread rainfall over the past few years had eased some of the previous pressures on the environment from the prolonged drought in most parts of the state, with increased flows to rivers and wetlands. The report also demonstrated a continuing improvement in overall air quality, an increase in NSW national parks, more land for Aboriginal cultural heritage, a continued rise in waste recycling rates, decreasing energy use by consumers and an increase in renewable energy supplies.

Despite these positive findings, the report also highlighted a number of areas where challenges remain. Exceedences of particle and ozone pollution continued as did threats to biodiversity through habitat destruction, while the spread of pest and weed species was at the expense of native species.

*SoE 2012* provided the clearest picture yet of the state of the NSW environment and the action underway to care for it and it is a valuable part of the Government's commitment to transparency and openness, adding to the valuable body of environmental reporting in NSW.

The EPA is scheduled to complete the next NSW State of the Environment in 2015.

### *EPA website redevelopment*

In early 2013, agency released its stand-alone website at [www.epa.nsw.gov.au](http://www.epa.nsw.gov.au), reflecting the independent nature of the re-established EPA.

The detailed website provides information for the community and EPA industry and government stakeholders about the EPA Board and operations, its Strategic Plan, media reports, community updates, public register of licensing and regulation, and information about how to report pollution and incidents.

The new website supports the EPA's strategic commitment for improved knowledge management and communication with stakeholders, with the homepage clearly highlighting the EPA's vision for 'Healthy Environment, Healthy Community, Healthy Business'.

## KEY RESULT AREA 5: Key performance indicators

### KPI: Improved two-way communication with stakeholders

In 2012–13, the EPA used the web-based uEngage portal to consult and collaborate with external stakeholders on a number of issues. The EPA held seven interactions with external stakeholders via uEngage.

### KPI: Increase in the level of positive media for the EPA

In 2012–13, the EPA sent out a total of 87 media releases. A further 21 media releases were sent from the Office of the Minister for the Environment about EPA-related issues.

In the same period, the EPA received and responded to 527 media inquiries.

### KPI: Increased satisfaction and use of the EPA website by stakeholders

The EPA has seen a consistent increase in webpage visitation, an indication of greater engagement by the EPA with its stakeholders. In June 2013, the EPA launched its new website to improve knowledge management and communication with its stakeholders.

	Oct–Dec 2012	Jan–Mar 2013	Apr–Jun 2013
Visits to the EPA webpage	143,019	163,755	177,536

## KEY RESULT AREA 6: Exemplar organisation

### A WORLD-CLASS REGULATOR

#### *Compliance Audit Program*

##### Publication of monitoring data

From 1 July 2012, holders of environment protection licences have been required to make publicly available monitoring data collected as a result of a licence condition. Licensees with a website need to publish the data in a prominent position on the site, while those without must be able to make the data available on request.

Desktop audits by the EPA of 200 licensed premises with monitoring requirements focused on assessing compliance with section 66(6) of the ***Protection of the Environment Operations Act 1997*** (POEO Act) and the EPA ***Requirements for Publishing Pollution Monitoring Data***.

The audits found that 140 of the licensed premises were required to publish monitoring data on their websites. Of these, only seven licensees fully complied with the requirements, 91 partially complied, and 42 had not published any monitoring data.

Follow-up by the EPA has ensured that all licensees with non-compliances have now addressed the issues identified and those who had published no data have now done so.

In addition to assessing compliance with the need to publish monitoring data, the audit findings were also used in a review of the requirements to ensure that the data provided by licensees is both meaningful and practical.

## ***Pollution incident response management plans***

From 1 September 2012, all licensees have been required to prepare, keep, test and implement a pollution incident response management plan for their premises. In addition to preparing these plans, licensees with a website need to publish certain information about them in a prominent position on their site, while those without must be able to make the data available on request.

The EPA audited 30 licensed facilities and found that all licensees had plans in place to respond to a pollution incident. However, some plans did not contain all the information required. The majority of licensees, who had non-compliances, promptly addressed the issues identified.

Individual compliance audits from both audit programs are available on the EPA's [Public Register](#).

## ***Regulation of major infrastructure projects***

Significant infrastructure projects provide a range of benefits to NSW, but the environmental impacts of such large-scale projects are often complex, requiring expertise to identify and manage them. Recognised as a leader in this field, the EPA regulates a wide range of state and nationally significant infrastructure projects, including road and rail construction, water and sewerage systems, port expansions and utility roll-outs.

During 2012–13, the EPA was actively involved in regulating many significant major infrastructure projects including:

- Princes Highway upgrade
- South-West Rail Link
- widening of the M2 and M5 motorways
- Southern Sydney Freight Rail Line
- widening of the Great Western Highway
- Hunter Expressway
- upgrade of the Central Coast Highway
- Maitland to Minimbah Third Track for rail
- upgrade of the Pacific Highway.

The EPA recognises the importance of timely delivery of major infrastructure projects and employs leading experts to ensure the environmental impacts of these and similar projects are minimised to the greatest extent practicable. This is made possible by EPA involvement in all stages of projects from strategic and concept planning to construction, operation and legacy.

The EPA also has a significant role in providing expert advice about major infrastructure projects to determining authorities, industry and community. It licenses most major infrastructure projects and uses the licences to prescribe a wide range of operating conditions, including monitoring requirements, pollutant discharge limits and community consultation processes.

Dedicating resources for most major infrastructure projects helps the EPA to maintain the highest standard of regulation. During 2012–13, the EPA inspected a large number of infrastructure projects, issuing numerous directions and penalty notices to ensure the standards of environmental performance required of project proponents and contractors were maintained.

The EPA will continue to play a leading role in the regulation of significant major infrastructure projects over the coming year including:

- the North-West Rail Link
- Sydney Water Priority Sewerage Program
- Northern Sydney Freight Rail Corridor
- WestConnex Motorway.

The proposed growth in infrastructure in NSW over the next year is substantial and the EPA will use all the tools at its disposal to ensure environmental regulation of significant infrastructure projects meets community expectations and remains at world-class levels.

## **Introduction of radiation management licences**

The EPA will administer the new **Radiation Control Regulation 2013** effective from 1 July 2013. A key change being introduced is an end to the requirement to register individual sources, devices and premises in favour of a system of annual management licences covering all regulated material in the possession of an owner or a responsible person.

The introduction of management licensing will significantly reduce 'red tape' for industry by dispensing with multiple individual registrations and replacing these with a single organisation-based licence. All regulated material covered by the licence will now require a single simple annual renewal process.

Accompanying this change is a new risk-based fee structure approach to licensing with higher risk material requiring greater regulatory scrutiny and higher fees.

The fee structure is also based on the principle of full cost recovery. During the transition from the existing multiple registrations to management licences, a time credit for unexpired licences and registrations will be calculated, so holders will not be financially disadvantaged by the change.

The simpler management licence system will ensure that key objectives of the **Radiation Control Act 1990** are achieved with a fair recovery of costs.

## **Release of EPA Compliance Policy**

In June 2013, the EPA released its **Compliance Policy** which provides information about the agency's regulatory approach, how it makes its regulatory decisions and the tools it uses to improve compliance and environmental performance.

The *Compliance Policy* guides the EPA's regulatory decisions, ensuring that its actions are consistent, fair and credible.

The policy is also a key part of improving communication with external stakeholders and providing increased information about how the EPA undertakes its regulatory activities.

The policy includes the principles that guide the actions of EPA officers in undertaking regulatory functions by being:

- responsive and effective
- targeted
- proportional
- firm but fair
- informed
- consistent
- transparent
- ethical and accountable
- collaborative.

## **Development of risk-based regulatory framework**

The EPA has reviewed the environmental licensing framework under the POEO Act and identified a need for improvements to ensure all environment protection licensees are regulated according to the risk they pose. There are stronger incentives for licensees to improve compliance and environmental performance.

The proposed risk-based environmental regulatory framework will include the following elements:

- A robust and transparent risk methodology framework based on sound science.
- The risk that each licensed facility would be assessed, including site-specific potential environmental impacts and environmental performance. Based on this assessment, each facility would be allocated a licensing 'level'.

- The level would guide the intensity of regulation needed: high-risk and poorly performing licensees would be subject to extensive monitoring and reporting requirements, increased regulatory oversight and higher licence fees, while those with lower risk would face less onerous requirements.
- The risk levels allocated to each licence are proposed to be made publicly available on the EPA's **Public Register**. This will provide better information to the community about industry environmental performance and EPA regulatory decisions.

In May 2013, the EPA conducted targeted consultation on the proposed framework. Feedback from this is being used to further develop the proposals. Additional consultation on proposed amendments to the **POEO (General) Regulation 2009** to change licence fees are planned in September–October 2013.

### **EPA Training Strategy**

In 2012–13, the EPA established a Training Unit and approved a Training Strategy. The strategy specifies the training requirements for all EPA staff and builds on the **NSW Public Sector Capability Framework**. It includes competency-based training and incorporates technical and practical skills to ensure staff receive training that is both current and relevant to their position and grade.

In association with the **Australasian Environmental Law Enforcement and Regulators Network** (AELERT), the EPA also supports the training and capacity-building of other environmental regulators both in NSW and Australia through the **Professional Development and Training Program** run in partnership with Brisbane City Council.

In 2012–13, the EPA delivered 28 courses to environmental regulators including:

- Diploma in Government (Investigations)
- Certificate IV in Government (Investigations)
- Drafting statutory instruments
- Environmental auditor
- Sampling for investigations
- Environmental noise
- Illegal dumping
- Protection of the Environment Acts
- Investigative interviewing and statement taking
- Court procedures and giving evidence.

A total of 619 officers from the EPA, NSW councils, NSW State agencies and regulators from other jurisdictions attended these courses.

## **GOVERNANCE**

### **Shared corporate and essential services**

The Office of Environment and Heritage (OEH) provides corporate and other essential services to the EPA. To facilitate this arrangement, a Service Agreement between OEH and the EPA was developed and commenced on 1 August 2012.

The following EPA statutory reporting requirements are covered by the shared service arrangement and will be reported by OEH in *Department of Premier and Cabinet Annual Report 2012–13*:

- Equal Employment Opportunity
- work health and safety
- personnel policies and practices

- industrial relations policies and practices
- Disability Action Plan
- Multicultural Policies and Services Program
- agreements with the Community Relations Commission
- Waste Reduction and Purchasing Policy
- requirements arising from employment arrangements.

An annual review of the Service Agreement commenced in April 2013.

## **Governance initiatives**

### **EPA risk management framework**

The EPA has developed a framework for assessing and managing the risk of its activities including:

- physical risk to people and property
- risks to achieving environmental goals and outcomes
- financial risks
- risks to work systems and workplace culture.

The Executive reviewed a register of EPA risks in December 2012 and reported back to the Finance, Audit and Risk Committee in February 2013.

The EPA has also developed a Legislative Compliance Register which lists all EPA-administered legislation and statutory obligations and includes a compliance assessment. The register was also presented to the Finance, Audit and Risk Committee in February 2013.

The EPA Risk Management Framework was subject to an internal audit in October and November 2012 as part of the agency's approved 2012–13 Internal Audit Plan. The audit aimed to assess how adequate and robust the overall risk framework was, identify any weaknesses and recommend improvements. This concluded that 'the EPA has made impressive progress in developing and implementing a robust risk management framework'.

### **EPA Statement of Business Ethics**

The EPA released a **Statement of Business Ethics** in March 2013 to guide the business sector, other government agencies and non-government organisations when doing business or in dealings with the EPA. It outlines the EPA's ethical values and expectations of other organisations and individuals when interacting with the EPA.

### **Release of managing a workplace bullying complaint**

Following the finding of the statewide public sector ***People Matter Employee Survey in 2012***, the EPA Executive identified areas of concern and developed an implementation program to address particular issues such as witnessing or experiencing bullying behaviour.

This resulted in the approval in March 2013 of the policy, ***BULLYING: Managing a workplace bullying complaint***, followed by a notice to all EPA staff emphasising that bullying was not acceptable behaviour.

The policy aims to:

- help staff fulfil their obligations to eliminate or minimise the risk of bullying and manage complaints related to it
- provide staff with information on their rights and obligations should they make a complaint.

The EPA also advised the Department of Premier and Cabinet of organisation-specific approaches it was taking to better understand the extent of bullying in the workplace.

## Exceeding government sustainability performance

In 2012–13, the EPA continued to carry out its operations with sustainability in mind, maintaining existing measures and exploring further opportunities to increase performance across its offices. The EPA increased efforts to:

- reduce waste and increase recycling
- adopt energy-saving practices, such as motion-sensor lighting in conference and meeting rooms
- encourage staff to save energy by turning off computers and monitors overnight
- install energy-saving lighting when the opportunity arose
- purchase recycled copy paper and paper from sustainable forest management operations.

Significant progress was also made in fleet management. Across its passenger fleet, the EPA achieved an average environmental performance score (EPS) of 14.4/20 at 30 June 2013, exceeding the NSW Government target of 13.5/20. The EPA light commercial fleet average EPS score of 9.8/20 also exceeded the Government's 9/20 EPS target. The EPS rates the greenhouse emissions of vehicles (measured as carbon dioxide) as well as their air quality impacts (noxious and particulate emissions).

In the 12 months to the end of May 2013, over 71% of the EPA motor vehicle fleet's use of unleaded fuel was E10, exceeding the NSW Government target of 20%.

## EPA Board business

In order to maintain clear accountability to its key stakeholders, the EPA Board has incorporated a number of initiatives into its business.

### Regional visits

The EPA Board periodically visits regional centres in NSW to engage with local regulated industries, community members and staff. Regional visits allow Board members to experience first-hand the scale and scope of issues that affect the particular regions. The two regional visits in 2012–13 were:

- Hunter (29–30 August 2012) – A key theme of this visit was the air quality issues that particularly affect the Hunter. The Board visited Rio Tinto–Coal and Allied's Mount Thorley–Warkworth coal mine, as well as the Singleton air quality monitoring station. The Minister and EPA Board also hosted a reception, giving the Minister the chance to introduce the Board members to a range of stakeholders.
- Western Sydney (26 March 2013) – The Board's day-trip to Parramatta included a tour of the industrial Camellia Peninsula, a meeting with senior Sydney Water executives in its purpose-built sustainable building and a site inspection of the Eastern Creek UR–3R alternative waste treatment facility. The day concluded with a stakeholder forum, which the Minister attended to promote the Government's **Waste Less, Recycle More** program.

### Review of prosecution and investigation protocols and guidelines

The EPA Board revised a number of internal policy documents in October 2012 that support the agency's **Prosecution Guidelines**:

- EPA approach to investigations and prosecutions
- Guidelines as to the seizure of 'things' by authorised officers and search and seizure operations
- 'Whose approval is required to commence a prosecution?' sign-off protocol for the commencement of EPA prosecutions.

The updates reflected the establishment of the EPA as a new agency.

## **New process of annual performance evaluation**

During 2012, the EPA Board resolved to include an annual requirement for performance evaluation in its Charter. While the Board and Chair and CEO are not legally required to review and measure the performance of the Board or individual members, it is considered good practice to identify any issues with the Board's effectiveness and how it might improve its functionality.

Performance evaluations are conducted by way of self-assessment, with each Board member completing an agreed questionnaire about the Board's strengths and weaknesses. The first Board self-assessment occurred in March 2013, marking the first anniversary of its re-establishment.

The assessment showed a high degree of consensus among Board members, with a number of minor amendments to Board practice and procedure adopted as a result.

## **KEY RESULT AREA 6: Key performance indicators**

To effectively protect the environment and improve industry performance, it is important that the EPA undertakes its organisational responsibilities in an exemplary manner. Strategic Plan 2012–15 contains the following organisational outcomes that the EPA is working to achieve.

### **KPI: The EPA maintains an ongoing training program that addresses identified operational and technical needs**

The EPA has maintained and enhanced its training program for staff, adopting the EPA Training Strategy 2012–15 in September 2012. The strategy will ensure staff are trained in technical and operational skills to deliver consistent, best practice environment protection. The EPA also delivered 28 courses as part of the AELERT Professional Development and Training Program, attended by 619 participants across the state.

### **KPI: Targets in staff safety and wellbeing are achieved**

The EPA has remained committed to promoting staff safety and wellbeing. Average workplace health and safety incidents per quarter decreased from 14 in 2011–12 to 6.5 in 2012–13, while average time lost due to injuries fell from 0.8 to 0.2 over the same period.

### **KPI: Achieve the EPA's budget targets**

The EPA met its budget targets, finishing the year with a budget variance of 0.1%, well within its target of 1%.

### **KPI: Positive feedback about the EPA's direction in internal staff survey**

In July 2012, the Public Service Commission conducted the *People Matter Employee Survey* across the NSW Public Sector. Forty-nine percent of EPA staff replied to the survey, well above the sector average of 16%. A total of 86% of staff said they would recommend the EPA as a great place to work (above the sector average of 71%), while 96% believed that the EPA strives to earn and sustain a high level of public trust.

### **KPI: Corporate governance framework agreed to by the EPA Board**

In September 2012, the EPA Board agreed to the EPA corporate governance framework, ensuring the efficient and compliant operation of the EPA with Government standards.

# APPENDICES

## EPA BOARD GOVERNANCE

The EPA Board is a statutory body established under section 15 of the *Protection of the Environment Administration Act 1991* (POEA Act). It is an independent, expertise-based governing Board that oversees and monitors the EPA. The Board was re-established in early 2012 as part of a suite of reforms to reinvigorate the EPA as a modern, strong and transparent regulator.

The EPA Board has five members – the Chair and CEO, and four part-time members – appointed by the NSW Government on the recommendation of the Minister for the Environment. Of the part-time members, one is required to have expertise in the area of environmental science, once in environmental law, one in corporate, financial and risk planning and management, and one in business.

The current EPA Board members meet the expertise requirements and also have established ties to business and community groups and an understanding of them.

Board members		Term of appointment
Barry Buffier	Chair	2 April 2012 – 1 April 2017 Five-year term
Alec Brennan, AM	Member	29 February 2012 – 28 February 2017 Five-year term
Christine Covington	Member	
Chris Knoblanche	Member	
Julie Savet Ward	Member	

## COMPOSITION, SKILLS AND EXPERIENCE

### *Barry Buffier: Chair and CEO*

Barry Buffier is the Chair and CEO of the EPA. Mr Buffier has had significant senior executive and board experience in the public and private sectors, including being Director-General, Department of Primary Industries, Director-General of State and Regional Development and National Manager, Agribusiness at Westpac. He has Bachelor of Rural Science (Honours) and Master of Economics degrees and is also a Churchill Fellow and Fellow of the Australian Institute of Company Directors.

Under section 19 of the POEA Act, the Chair is charged with the responsibility of managing and controlling the affairs of the EPA in accordance with the policies determined by the Board and any other decisions of the Board but subject to any directions of the Minister under the POEA Act. The Chair is also the presiding member of the Board.

### *Alec Brennan AM*

Alec Brennan is a Member of the Order of Australia (AM) for significant service to business and commerce, to tertiary education administration, and to the community.

Mr Brennan brings to the EPA Board 40 years' experience in business across a range of industries, including more than 20 years as a public company director. He has a Bachelor of Science degree, a Food Technology (Honours) degree and a Master of Business Administration degree. He is a Fellow of the Australian Institute of Company Directors, Chair of the publicly listed Emeco Holdings Ltd and a director of several private companies. Mr Brennan is also a Fellow of the Senate of the

University of Sydney and chairs two key Senate committees: the Finance and Audit Committee and Human Resources Committee. He is also involved in a number of other not-for-profit activities and brings to the Board extensive business experience in areas such as strategy, process management, governance, finance and risk management.

### **Christine Covington**

Christine Covington is a solicitor of the Supreme Court of NSW with over 26 years' experience in environmental, planning and property law. She is currently the National Practice Group Leader of the Environment and Planning Group at the law firm, Corrs Chambers Westgarth. Ms Covington has served as a NSW Government appointee to the Central Sydney Planning Committee. She has experience working with local government and in community engagement, as well as extensive experience in the NSW Land and Environment Court and the Supreme Court in planning appeals and environmental prosecutions.

### **Chris Knoblanche**

Chris Knoblanche is the Chair of the EPA's Finance, Audit and Risk Committee. Mr Knoblanche is also currently Senior Advisor, Corporate and Investment Banking, Australia and New Zealand for Citigroup. He has been advising local and multinational companies for over 32 years on corporate strategy, financing, risk control and management. Mr Knoblanche holds a Bachelor of Commerce (Accounting and Financial Management) degree, and is a Member of the Institute of Chartered Accountants and a Fellow of the Australian Society of Certified Practising Accountants. He has held key board positions and in 2003 was awarded the Centenary Medal by the Australian Government for services to business and the arts.

### **Julie Savet Ward**

Julie Savet Ward has a Bachelor of Science (Applied Physical Geography) (Honours) degree and a Master of Landscape Planning degree, and is a Fellow of the Australian Institute of Company Directors. Ms Savet Ward has 25 years' experience in science, planning and the environment. She has particular expertise in the regulatory environment for sustainability and a deep understanding of the planning, approval, design, construction and delivery of infrastructure, property and natural resource projects. Ms Savet Ward has particular skills in brokering and managing relationships between government and the community. She is Chairperson of the Link Housing Ltd charity and the private consulting company SGS Economics and Planning.

### **What does the EPA Board do?**

The functions of the EPA Board are to:

- determine the policies and long-term strategic plans of the EPA
- oversee the effective, efficient and economic management of the EPA
- develop and make available for public information guidelines relating to the institution of criminal and related proceedings
- determine whether the EPA should institute proceedings for serious environment protection offences referred to in section 17 of the **Protection of the Environment Administration Act 1991** (POEA Act)
- advise the Minister for the Environment on any matter relating to the protection of the environment
- receive reports from the EPA on any failure of the EPA to comply with its requirement to review environment protection licences every five years
- approve the EPA granting an exemption to any person or class or persons from the provisions of the **Protection of the Environment Operations Act 1997** (POEO Act) or other relevant EPA-administered legislation.

In February 2013, the EPA Board adopted a **Board Charter**, detailing the functions of the Board, the responsibilities of other positions that interact with the Board and other Board governance issues.

### ***Regulatory Assurance Statement***

In addition, the Board under section 16 of the POEA Act is required to provide the Minister with a Regulatory Assurance Statement, which addresses the following matters:

- (a) an assessment of the success of the EPA in reducing risks to human health and preventing the degradation of the environment and whether the level of environment protection achieved by the EPA is satisfactory in comparison with other Australian jurisdictions
- (b) an assessment of the performance by those industries regulated by the EPA in reducing risks to human health and preventing the degradation of the environment and the impact that those industries have on the environment
- (c) recommendations for improving the EPA's performance, and the performance of the industries regulated by the EPA, in relation to the matters referred to in (a) and (b)
- (d) recommendations for improving the EPA's performance, and the performance of the industries regulated by the EPA.

The Regulatory Assurance Statement can be found near the front of this report.

### ***Independence of the Board***

The EPA Board is not subject to the control and direction of the Minister for the Environment in exercising any of its functions.

The Chair is appointed by the NSW Governor and is responsible for managing and controlling the affairs of the EPA in accordance with the policies and decisions of the Board, but is subject to any directions of the Minister.

However, the EPA is not subject to the control and direction of the Minister in relation to any report or recommendation made to the Minister, a state of the environment report or any decision to institute criminal or related proceedings.

### ***Board meetings***

The EPA Board's meetings are usually held in Sydney, although regional meetings are also held regularly. In 2012–13, the EPA Board met nine times, with the August 2012 meeting held in Newcastle and the March 2013 in Parramatta.

The quorum for a Board meeting is three members, one of whom must be the Chair. The Chair presides at Board meetings, has a deliberative vote and, in the event of an equality of votes, a second or casting vote.

## Board meeting attendance 2012–13

Board members/ meeting dates	Barry Buffier	Alec Brennan, AM	Christine Covington	Chris Knoblanche	Julie Savet Ward
19 July 2012	✓	✓	✓	✓	✓
29 August 2012	✓	✓	✓	✓	✓
27 September 2012	✓	✓	✓	✓	✓
10 October 2012	✓	✓	✓	✓	✓
14 November 2012	✓	✓	✓	✓	✓
12 December 2012	✓	✓	✓	✓	✓
13 February 2013	✓	✓	✓	✓	✓
26 March 2013	✓	✓	✓	x	✓
29 May 2013	✓	✓	✓	✓	✓

## Integrity of the EPA Board

### Disclosure of pecuniary and other interests

Clause 7 of Schedule 1 of the POEA Act and the provisions of the **Protection of the Environment Administration Regulation 2012** contain detailed requirements on disclosure of pecuniary and personal interests by Board members, the keeping of publicly available records about disclosures and the effect disclosures have on the Board members' participation in Board business.

A member must disclose if they have a direct or indirect pecuniary interest in a matter being considered or about to be considered at a meeting of the Board, and the interest appears to raise a conflict with the proper performance of the member's duties in relation to the consideration of the matter where:

- they are a member, or are in the employment, of a specified company or other body
- they are a partner, or are in the employment, of a specified person
- they have some other specified interest relating to a specified company or other body or to a specified person
- a matter being considered or about to be considered at a meeting of the Board relates to the institution of criminal or related proceedings against a person and a member has any personal or financial interest in the matter.

All members of the EPA Board lodged their first ordinary disclosure return in October 2012. Members may also need to lodge special disclosures from time to time. Board members are given an opportunity at the commencement of each meeting to declare any potential, perceived or actual conflicts of interest, and interests declared by Board members are recorded in the minutes of the Board meeting.

### Conduct

The Board follows:

- the EPA Board Code of Conduct which outlines the fundamental values and principles that define the standards of behaviour expected of members of the EPA Board
- the **Conduct Guidelines for Members of NSW Government Boards and Committees**, which outlines fundamental values and principles that define the standards of behaviour expected of members of NSW Government boards and committees
- the **Guidelines for Boards of Government Businesses**, which outline the key private sector standards of corporate governance which are most appropriate to the practices and procedures for boards of government businesses.

# LEGISLATION AND LEGAL CHANGE

## **Acts administered by the EPA**

The EPA has responsibilities, powers, duties and functions under legislation administered by the Minister for the Environment.

The following Acts were administered by the EPA from 1 July 2012 to 30 June 2013:

- *Contaminated Land Management Act 1997 No. 140*
- *Dangerous Goods (Road and Rail Transport) Act 2008 No. 95*, so far as it relates to the on-road and on-rail transport of dangerous goods by road or rail (remainder – Minister for Finance and Services)
- *Environmentally Hazardous Chemicals Act 1985 No. 14*
- *Forestry Act 2012 No. 96* (Parts 5A and 5B)
- *National Environment Protection Council (New South Wales) Act 1995 No. 4*
- *Ozone Protection Act 1989 No. 208*
- *Pesticides Act 1999 No. 80*
- *Protection of the Environment Administration Act 1991 No. 60*
- *Protection of the Environment Operations Act 1997 No. 156*
- *Radiation Control Act 1990 No. 13*
- *Recreation Vehicles Act 1983 No. 136* (except parts – Minister for Roads and Ports)
- *Waste Avoidance and Resource Recovery Act 2001 No. 58*

## **New and amending Acts**

The following Acts were assented to in 2012–13:

- *Forestry Act 2012 No. 96* (Parts 5A and 5B)

## **New and amending Regulations**

The following Regulations were made or re-made in 2012–13:

- Protection of the Environment Administration Regulation 2012 No. 409
- Protection of the Environment Operations Amendment (Scheduled Activities) Regulation 2013 No. 341
- Protection of the Environment Operations (Clean Air) Amendment (Motor Sport) Regulation 2013 No. 57
- Protection of the Environment Operations (General) Amendment (M5 East Tunnel) Regulation 2013 No. 61
- Protection of the Environment Operations (General) Amendment (Upper Hunter Air Quality Monitoring Network) Regulation 2013 No. 51
- Radiation Control Amendment (Classification of Laboratories) Regulation 2013 No. 290
- Radiation Control Regulation 2013 No. 52

## **Legislative reviews**

There were no legislative reviews commenced in 2012–13.

# INFRINGEMENTS

Infringement type	EPA/OEH		OEH (NPWS)		Other NSW Government		Local government	
	No.	\$	No.	\$	No.	\$	No.	\$
<b>Offences under the <i>Protection of the Environment Operations (POEO) Act 1997</i></b>								
<b>POEO Air:</b> Motor vehicle – smoky vehicles	110	\$100,500	–	–	1	\$200	–	–
<b>POEO Air:</b> Motor vehicle – other air	59	\$18,600	–	–	–	–	–	–
<b>POEO Air:</b> Non-motor vehicle – control of burning	–	–	–	–	3	\$1,500	73	\$44,000
<b>POEO Air:</b> Non-motor vehicle – emission of air impurities or odours from premises	14	\$20,250	–	–	–	–	4	\$5,250
<b>POEO Noise:</b> Motor vehicle	238	\$67,550	–	–	174	\$31,050	10	\$2,050
<b>POEO Noise:</b> Non-motor vehicle	3	\$4,500	–	–	432	\$86,400	15	\$4,000
<b>POEO Littering:</b> Aggravated litter – all offences	1	\$375	–	–	69	\$25,875	45	\$16,875
<b>POEO Littering:</b> From motor vehicle	667	\$143,200	4	\$800	362	\$72,600	1,781	\$372,600
<b>POEO Littering:</b> Non-motor vehicle	–	–	3	\$600	1,046	\$171,080	1,872	\$194,460
<b>POEO Land pollution and waste:</b> Asbestos	2	\$1,000	–	–	–	–	12	\$25,000
<b>Offences under the <i>Protection of the Environment Operations (POEO) Act 1997</i></b>								
<b>POEO Water:</b> All offences	34	\$51,000	–	–	12	\$14,250	433	\$547,500
<b>POEO Other offences:</b> e.g. contravene licence conditions	133	\$197,500	3	\$1,500	1	\$500	352	\$275,250
<b>EP&amp;A Act planning infringements</b>	–	–	–	–	17	\$51,000	25	\$54,000
<b>Dangerous goods:</b> all offences	62	\$182,670	–	–	7	\$1,970	–	–
<b>Pesticides:</b> all offences	85	\$62,300	–	–	–	–	–	–
<b>Native vegetation:</b> all offences	11	\$31,900	–	–	–	–	–	–
<b>Radiation</b>	1	\$1,500	–	–	–	–	–	–
<b>Ozone</b>	–	–	–	–	–	–	–	–
<b>Road transport</b>	–	–	–	–	10,230	\$6,471,526	52	\$44,568
<b>Environmentally hazardous chemicals</b>	1	\$5,000	–	–	–	–	–	–
<b>Total</b>	<b>1,440</b>	<b>\$920,095</b>	<b>17</b>	<b>\$6,650</b>	<b>12,358</b>	<b>\$6,930,451</b>	<b>5,538</b>	<b>\$2,447,053</b>

## PROSECUTIONS

The Office of Environment and Heritage (OEH) Legal Services Branch supports the EPA's prosecution function as part of the Service Level Agreement.

Of the 99 prosecutions commenced by OEH in 2012–13, 61 were commenced in the name of the EPA. Ninety-six prosecutions were completed by OEH during the year with 72 of them for offences prosecuted in the name of the EPA. These 72 prosecutions resulted in:

- 69 convictions
- no matters where the offence was proven but a conviction was not recorded
- three acquittals.

Details of prosecutions completed under EPA legislation are recorded below. Details of OEH prosecutions completed during 2012–13 are recorded in the appendices of the Department of Premier and Cabinet's annual report.

### *Prosecutions completed under EPA legislation*

In the prosecutions table:

- LEC = Land and Environment Court
- LC = Local Court
- Unless otherwise stated, the dollar amount referred to in the result/penalty column is a fine.

#### Tier 1 offences

There were no Tier 1 Offence prosecutions completed in 2012–13.

#### Tier 2 offences

Defendant	Charge	Result/penalty	Court
<b>Contempt of Court</b>			
Hanna, Dib Hanna Abdallah	Contempt of Court	Sentenced to 3 months imprisonment, suspended upon entering into a 3-month good behaviour bond	LEC
<b>Protection of the Environment Operations Act 1997</b>			
Aargus Pty Ltd	Provide false or misleading information about waste	\$15,000 Ordered to publicise details of the offence in the <i>Waste Management Environmental</i> magazine. Also ordered to pay investigation costs of \$946	LEC
Aargus Pty Ltd	Provide false or misleading information about waste	\$15,000	LEC
Alcobell Pty Ltd	Unlawfully transport and deposit waste	\$5,000	Lithgow LC
Andy's Earthworks Pty Ltd	Unlawfully transport and deposit waste	\$5,000 Ordered to publicise details of the offence in the <i>Hawkesbury Gazette</i> . Also ordered to pay investigation costs of \$530	Parramatta LC
Barnes, Allan Charles	Unlawfully transport and deposit waste	\$500	Bathurst LC
Barnes, Allan Charles	Unlawfully transport and deposit waste	\$500	Bathurst LC
BMG Environmental Group Pty Ltd	Unlawfully transport and deposit waste	\$1,000 Ordered to pay investigation costs of \$1,000	Bathurst LC

Defendant	Charge	Result/penalty	Court
BMG Environmental Group Pty Ltd	Unlawfully transport and deposit waste	\$1,000 Ordered to pay investigation costs of \$1,000	Bathurst LC
Burt, David Clarence	Pollute waters	\$850 Ordered to pay investigation costs of \$2,084	Broken Hill LC
Burt, David Clarence	Unlawfully transport and deposit waste	\$1,700	Broken Hill LC
Campbell, Alistair Murray	Unlawfully transport and deposit waste	\$3,000 Ordered to pay investigation costs of \$1,500	Lithgow LC
Craig, Paul Henry	Littering	\$0	Bankstown LC
Dionys, Con	Breach licence condition	\$8,000	Downing Centre LC
Dionys, Con	Breach licence condition	\$5,000	Downing Centre LC
Kariotoglou, Konstantinos	Provide false or misleading information about waste	\$4,500	LEC
Kariotoglou, Konstantinos	Provide false or misleading information about waste	\$4,500	LEC
Kelly, Mark	Provide false or misleading information about waste	\$3,000	LEC
Kelly, Mark	Provide false or misleading information about waste	\$3,000	LEC
Mayes, Baden James	Littering	\$200	Kogarah LC
McCarthy, Alan Robert	Unlawful use of land as a waste facility	\$22,000 Ordered to pay investigation costs of \$5,500	Toronto LC
McCudden, Darren	Littering	\$80	Newcastle LC
Queanbeyan City Council	Pollute waters	Ordered to pay \$80,000 to Murrumbidgee CMA to fund the Numeralla East Landscape Project and to publicise details of the offence in <i>The Sydney Morning Herald</i> , <i>The Canberra Times</i> and <i>Queanbeyan Age</i> . Also ordered to pay investigation costs of \$1,189	LEC
Ravensworth Operations Pty Ltd	Carry on activity without such practicable means as necessary to prevent or minimise air pollution	Acquitted	Singleton LC
Ravensworth Operations Pty Ltd	Pollute waters	Ordered to pay \$50,000 to Singleton Council for Merrick Park Revegetation Project. Also ordered to pay investigation costs of \$2,630	LEC
Shannongrove Pty Ltd	Unlawfully transport and deposit waste	\$15,000 Ordered to pay investigation costs of \$24,724.76	LEC
Shannongrove Pty Ltd	Unlawfully transport and deposit waste	\$20,000	LEC
Smith, Wayne	Unlawful use of land as a waste facility	\$18,000 Ordered to pay investigation costs of \$6,023	Kempsey LC

Defendant	Charge	Result/penalty	Court
Stocon Pty Ltd	Unlawful use of land as a waste facility	\$20,000 Ordered to publicise details of the offence in the <i>Coffs Coast Advocate</i> . Also ordered to pay investigation costs of \$6,923	Coffs Harbour LC
Stokes, Christopher Wayne	Unlawful use of land as a waste facility	\$12,000 Ordered to publicise details of the offence in the <i>Coffs Coast Advocate</i>	Coffs Harbour LC
Vidgen, Veronica Victoria	Littering	\$200	Fairfield LC
Volk Holdings Pty Ltd	Breach licence condition	\$5,500 Ordered to publicise details of the offence in the <i>Macarthur Advertiser</i> and <i>Inside Waste Magazine</i> . Also ordered to pay investigation costs of \$1,135	Campbelltown LC
<b>Protection of the Environment Operations (Clean Air) Regulation 2010</b>			
AAMAC Transport (NSW) Pty Ltd	Smoky vehicle	\$800	Kogarah LC
Baldwin, Dean	Smoky vehicle	\$500	Downing Centre LC
Berrospi, Eder	Use vehicle without prescribed anti-pollution device	\$300	Downing Centre LC
Calabro Real Estate Pty Ltd	Smoky vehicle	\$1,000	Kogarah LC
Calabro Real Estate Pty Ltd	Smoky vehicle	\$1,000	Kogarah LC
Calabro Real Estate Pty Ltd	Smoky vehicle	\$1,000	Kogarah LC
Evo's Transport Pty Ltd	Smoky vehicle	\$1,000	Kogarah LC
Evo's Transport Pty Ltd	Smoky vehicle	\$1,000	Kogarah LC
Evo's Transport Pty Ltd	Smoky vehicle	\$1,000	Kogarah LC
Evo's Transport Pty Ltd	Smoky vehicle	\$1,000	Kogarah LC
Evo's Transport Pty Ltd	Smoky vehicle	\$1,000	Kogarah LC
Ibrahim, Mark Mina	Use vehicle without prescribed anti-pollution device	\$300	Downing Centre LC
Jahn Haulage Pty Ltd	Smoky vehicle	\$3,000	Kogarah LC
LTD Logistics Pty Ltd	Smoky vehicle	\$600	Kogarah LC
LTD Logistics Pty Ltd	Smoky vehicle	\$600	Kogarah LC
LTD Logistics Pty Ltd	Smoky vehicle	\$600	Kogarah LC
Paradigm Engineering Pty Ltd	Smoky vehicle	\$600	Downing Centre LC
Paradigm Engineering Pty Ltd	Smoky vehicle	\$600	Downing Centre LC
Paradigm Engineering Pty Ltd	Smoky vehicle	\$600	Downing Centre LC
Paradigm Engineering Pty Ltd	Smoky vehicle	\$600	Downing Centre LC

Defendant	Charge	Result/penalty	Court
Paradigm Engineering Pty Ltd	Smoky vehicle	\$600	Downing Centre LC
Paradigm Engineering Pty Ltd	Smoky vehicle	\$600	Downing Centre LC
Paradigm Engineering Pty Ltd	Smoky vehicle	\$600	Downing Centre LC
Paradigm Engineering Pty Ltd	Smoky vehicle	\$600	Downing Centre LC
Raytons (NSW) Pty Ltd	Smoky vehicle	\$750	Kogarah LC
Raytons (NSW) Pty Ltd	Smoky vehicle	\$750	Kogarah LC
Raytons (NSW) Pty Ltd	Smoky vehicle	\$750	Kogarah LC
Raytons (NSW) Pty Ltd	Smoky vehicle	\$750	Kogarah LC
Raytons (NSW) Pty Ltd	Smoky vehicle	\$750	Kogarah LC
<b>Protection of the Environment Operations (Noise Control) Regulation 2008</b>			
Berrospi, Eder	Noisy vehicle	\$250	Downing Centre LC
Hunt, Gary James	Noisy vehicle	\$150	Wollongong LC

### Non-tier offences

Defendant	Charge	Result/Penalty	Court
<b><i>Dangerous Goods (Road and Rail Transport) Act 2008</i></b>			
George Weston Foods Ltd	Failure to ensure dangerous goods transported in a safe manner	\$20,000	LEC
Kitco Transport Australia Pty Ltd	Transport dangerous goods in unlicensed vehicle	\$5,000	LEC
Kitco Transport Australia Pty Ltd	Transport dangerous goods by unlicensed driver	\$1,000	LEC
Kitco Transport Australia Pty Ltd	Failure to ensure dangerous goods transported in a safe manner	\$18,000	LEC
<b><i>Dangerous Goods (Road and Rail Transport) Regulation 2009</i></b>			
Lees, Selwyn Peter	Transport a placard load of dangerous goods inappropriately placarded	\$400	Lithgow LC
Lees, Selwyn Peter	Transport a placard load of dangerous goods without an emergency information holder	\$400	Lithgow LC
Lees, Selwyn Peter	Transport a placard load of dangerous goods without required safety equipment	\$400	Lithgow LC

Defendant	Charge	Result/Penalty	Court
<b><i>Pesticides Act 1999</i></b>			
Precision Helicopters Pty Ltd	Use pesticide in a manner that damages or is likely to damage property of another person	Acquitted	Tamworth LC
Precision Helicopters Pty Ltd	Use pesticide in a manner that damages or is likely to damage property of another person	Acquitted	Tamworth LC

### Total prosecutions under EPA legislation

Fines	\$258,380
Other financial penalties	\$130,000
Total fines and other financial penalties	\$388,380

### ***Prosecution case studies***

#### **Dib Hanna Abdallah Hanna – contempt of court**

In April 2013, Mr Dib Hanna Abdallah Hanna was convicted in the Land and Environment Court of contempt of court for breaching a court order prohibiting him from illegally dumping waste. The order had been made in March 2011 by the Land and Environment Court following an application by the EPA as Mr Hanna had dumped waste illegally on several previous occasions. Despite the order, Mr Hanna entered a vacant building site at Picnic Point on 5 April 2012 and dumped eight loads of waste containing asbestos. The incident was recorded by CCTV camera and provided to Bankstown City Council and the EPA. Mr Hanna was subsequently sentenced to three months prison for breaching the order, suspended on the condition that he entered into a good behaviour bond. He was also ordered to pay the prosecutor's legal costs.

#### **Kitco Transport Australia Pty Ltd & George Weston Foods Ltd – unsafe transport of dangerous goods**

Kitco Transport Australia Pty Ltd was convicted in April 2013 of three offences by the Land and Environment Court for failing to ensure dangerous goods were transported in a safe manner and for licensing breaches. Kitco transported a truckload of corrosive substances, including over 6000 litres of sodium hydroxide. The goods were not properly restrained, the vehicle did not display dangerous goods placards and neither the driver nor the vehicle were licensed to transport dangerous goods. Kitco was fined a total of \$24,000 and ordered to pay the prosecutor's legal costs of \$25,000. The load of dangerous goods had been consigned by George Weston Foods Ltd, which in February 2013 was also convicted in the Land and Environment Court for failing to ensure that the dangerous goods were transported in a safe manner. The company was fined \$20,000 and ordered to pay the prosecutor's legal costs of \$25,000.

#### **Queanbeyan City Council – water pollution**

In September 2012, Queanbeyan City Council was convicted in the Land and Environment Court of polluting waters by causing approximately 1.1 megalitres of sewage to flow into Queanbeyan River in NSW and across the ACT border into Molonglo River and Lake Burley Griffin. The overflow was caused by the failure of the council's control system to detect a non-functional pump with the incident not discovered until the next morning. The council was convicted and ordered to pay a penalty of \$80,000 to the Murrumbidgee Catchment Management Authority to be used for the

Numeralla East Landscape Project. Queanbeyan Council was also ordered to publicise details of the offence in *The Sydney Morning Herald*, *The Canberra Times* and *Queanbeyan Age* and pay the prosecutor's legal costs of \$343,000 and investigation costs of \$1189.

### Ravensworth Operations Pty Ltd – water pollution

Ravensworth Operations Pty Ltd was convicted on 29 October 2012 by the Land and Environment Court polluting waters. The incident occurred in March 2011 when Ravensworth was expanding its Narama open-cut mine near Singleton. Runoff water from the expansion works was meant to be directed to a collection dam but instead a pipe, which had been wrongly installed, allowed 1.6 megalitres of sediment-laden water to flow across open land and gullies and into Bowmans Creek instead of the dam. Ravensworth was convicted and ordered to pay a penalty of \$50,000 towards Singleton Council's Merrick Park Revegetation Project. The miner was also ordered to pay the prosecutor's legal costs of \$26,500 and investigation costs of \$2630.

## ENFORCEABLE UNDERTAKINGS UNDER EPA LEGISLATION

Enforceable undertakings are an adjunct to prosecutions and are available to the EPA in dealing with environmental incidents. The EPA negotiated two enforceable undertakings in 2012–13 to a total value of \$150,000.

### Case study of an enforceable undertaking under EPA legislation

#### Pacific National Pty Ltd

In December 2012, Pacific National (NSW) Pty Ltd, a company which transports coal by rail, entered into an enforceable undertaking with the EPA in response to a water pollution incident at Coniston. In December 2011, waste oil had escaped from a terminal operated by the company and entered a stormwater drain which emptied into a wetland. Pacific National agreed to formally review its procedures and pay \$50,000 to the Australian Trust for Conservation Volunteers and \$50,000 to Wollongong City Council for environmental projects. Pacific National also agreed to pay the EPA's legal costs of \$5000 and investigation costs of \$4560.

## LICENCE REVIEWS UNDER SECTION 78

In 2012–13, a total of 213 licences were due for review. Of these, the EPA completed 197 by the due date, with 16 completed late.

Due to an administrative oversight, details of late licence reviews in the 2010–11 and 2011–12 financial years were not included in the relevant Annual Reports. Accordingly, the table below includes details of licence reviews for each financial year from 2010–11.

Year	No. of licence reviews	No. of licence reviews completed by due date	No. of licence reviews completed late
2010–11	591	556	35
2011–12	213	187	26
2012-13	213	197	16

The reviews not completed on time were delayed as a result of complex regulatory issues, including legal action, allocation of resources to licences considered to be higher risk, and system and business process changes.

In accordance with section 78(3) of the POEO Act, the EPA Board has been advised of these results.

## RIVERINA AREA EXPENDITURE

Section 11 of the *Forestry Restructuring and Nature Conservation Act 1995* requires that the Directors-General of the departments responsible to the Minister for the Environment and the Minister for Primary Industries prepare joint reports on Riverina area expenditure. These are to be prepared on an annual basis for the four financial years commencing 1 July 2010, and may be included in the annual reports of the departments.

Riverina area expenditure is defined as:

‘expenditure for the purpose of implementing forestry restructure and assistance schemes and programs in the Riverina area (within the meaning of the *National Park Estate (Riverina Red Gum Reservations) Act 2010*), including business exit assistance, timber worker assistance, industry development assistance and departmental administration of funding assistance, shown in the Budget Papers or declared in writing by the Treasurer as expenditure to be recouped from the Fund’.

Expenditure for these programs in 2012–13 in the Riverina area is shown below.

Program	Expenditure
Business exit assistance	\$0
Timber worker assistance	\$0
Industry development assistance	\$0
Departmental administration funding assistance (Department of Primary Industries)	\$0
Riverina Regional Employment and Community Development Fund	\$3,307,629

Of this, \$3,307,629.00 is considered ‘Riverina area expenditure’ for the purposes of the Forestry Restructuring and Nature Conservation Act.

## HUMAN RESOURCES

### Senior officers

At 30 June 2013, the senior officers of the Environment Protection Authority were:

**Barry Buffier**, BRuralSc (Hons), MEcon, Churchill Fellow, FAICD – Chair and CEO

**Mark Gifford**, BBusiness (Public Administration) – Chief Environmental Regulator

**Steve Beaman**, BSc – Director Waste and Resource Recovery

**Craig Lamberton**, BSc (Hons), MSafetySc, MEnvironToxicol – Director Hazardous Incidents and Environmental Health

**Gary Whytcross**, BAppSc (Chemical & Aquatic Biology) – Director South

**Gary Davey**, BSc (Hons), MSc – Director North

**Giselle Howard**, BSc (Ecology) (First Class Hons) – Director Metropolitan

**David Fowler**, BEng (Chemical) – Acting Director Reform and Compliance Branch

**Sylvia Bell**, BSc (Biochemistry and Biology), MA (Organisational Communication) – Director Stakeholder Engagement and Governance

# SES PERFORMANCE STATEMENTS AND REMUNERATION

The following information includes Senior Executive Service officers of Level 5 and above from the Environment Protection Authority.

## *Barry Buffier*

**Chair and CEO**

**Appointed: 2 April 2012, SES Level 7**

Remuneration at 30 June 2013: \$412,200  
(plus recruitment allowance of \$43,000)

The Director General has expressed satisfaction with Mr Buffier's performance throughout the period of his employment with the authority.

### **Performance Report:**

Specific achievements in 2012–13 include:

- development of a new EPA Strategic Plan for 2013–2016 which has refined key performance indicators across the key result areas of informed planning decisions, and improved environmental outcomes, innovative waste management, responsive incident management, effective stakeholder engagement and exemplar organisation
- approval of the \$465.7 million Waste and Resource Recovery Initiative, Waste Less Recycle More, which will focus on new waste and recycling programs for local government, industries and communities
- continued promotion of the EPA's commitment to stakeholder engagement by attending 138 meetings during 2012–13 with a range of government and non-government stakeholders, in addition to strengthening EPA stakeholder engagement resources
- implementation of an Incident Management System (IMS) by working with Fire and Rescue NSW to better integrate environmental considerations into incident response management, which includes integrating organisational learning into the IMS through debriefs held following major incidents involving the EPA.

## *Mark Gifford*

**Chief Environmental Regulator**

**Appointed: 21 August 2012, SES Level 5**

Remuneration at 30 June 2013: \$253,501  
(plus recruitment allowance of \$30,000)

The Chair and CEO has expressed satisfaction with Mr Gifford's performance throughout the period of his employment with the authority.

### **Performance Report:**

Specific achievements in 2012–13 include:

- development of the risk-based regulatory framework which aims to measure environmental risk based on the likelihood of an event occurring and the risk of harm to human health and the environment, and establishes a responsive licensing system designed to benefit lower risk licensees and good performers
- the release of the EPA's Compliance Policy which outlines the EPA's approach to compliance

and enforcement and explains how the EPA undertakes activities that achieve compliance and drive improved environmental performance

- improved environmental performance by industry through high compliance rates of more than 99% and continued high levels of pollution reduction programs (388 initiated for 2012–13)
- increased numbers of prosecutions with 72 completed, resulting in 69 convictions and 3 acquittals
- commencement of the Mercury Independent Review in response to concerns raised by the community of the environmental and health impacts from historic mercury emissions at Orica's former chlor-alkali plant at Botany
- establishment of a Training Unit and approval of a Training Strategy – the strategy specifies the training requirements for all EPA staff and builds on the **NSW Public Sector Capability Framework**; it includes competency-based training and incorporates technical and practical skills to ensure staff receive training that is both current and relevant to their position and grade.

## STAFF STATISTICS

Note: For the tables in this section, the EPA was re-established as an independent statutory body on 29 February 2012. Prior to this, the EPA was part of the Office of Environment and Heritage.

### *EPA Senior Executive Service officers*

Total SES officers by level	30 June 2011	30 June 2012	30 June 2013
8	n/a	0	0
7	n/a	1	1
6	n/a	0	0
5	n/a	0	1
4	n/a	0	0
3	n/a	0	1
2	n/a	0	0
1	n/a	0	0
<b>Total</b>	<b>n/a</b>	<b>1</b>	<b>3</b>

### *EPA Female Senior Executive Service officers*

	30 June 2011	30 June 2012	30 June 2013
<b>Total SES positions filled by women</b>	n/a	0	0

## EPA staff by category

Total staff by category (head count*)	30 June 2011	30 June 2012	30 June 2013
Permanent full-time	n/a	337	341
Permanent part-time	n/a	25	26
Temporary full-time	n/a	59	58
Temporary part-time	n/a	10	15
Casual	n/a	1	0
<b>Total</b>	<b>n/a</b>	<b>432</b>	<b>440</b>

\* Head count numbers include all EPA employees by classification.

## EPA employees by location

Total staff by location (head count*)	30 June 2011	30 June 2012	30 June 2013
Sydney metropolitan area	n/a	309	319
Regional areas	n/a	123	121
<b>Total</b>	<b>n/a</b>	<b>432</b>	<b>440</b>

\* Head count numbers include all EPA employees by classification.

## STAFF REPRESENTATION LEVELS FOR EEO GROUPS

Statistics include EPA staff and is based on a head count. The EPA does not report on staff attached to the Minister's office or board and committee members.

### Trends in the representation of EEO Groups

% of total staff				
EEO Group	Benchmark	30 June 2011	30 June 2012	30 June 2013
Women	50%	n/a	49.8%	50.5%
Aboriginal people and Torres Strait Islanders	2.6%	n/a	1.3%	0.8%
People whose first language was not English	19%	n/a	12%	12.2%
People with a disability	n/a	n/a	4.6%	4.0%
People with a disability requiring a work-related adjustment	1.5%	n/a	1.6%	1.9%

## Trends in the distribution of EEO Groups

Distribution index for total staff				
EEO Group	Benchmark	30 June 2011	30 June 2012	30 June 2013
Women	100	n/a	88	88
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a
People whose first language was not English	100	n/a	95	95
People with a disability	100	n/a	n/a	n/a
People with a disability requiring a work-related adjustment	100	n/a	n/a	n/a

Note 1: A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels.

Note 2: The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

## EXCEPTIONAL MOVEMENTS IN WAGES, SALARIES OR ALLOWANCES

There have been no exceptional movements in wages, salaries or allowances in 2012–13. All increases to wages, salaries or allowances have been consistent with NSW Government Wages Policy.

## PRIVACY MANAGEMENT PLAN

The EPA works to ensure the privacy of staff and clients is protected. The EPA has adopted the Office of Environment and Heritage **Privacy Management Plan and Guidelines**, which detail the privacy principles the agency follows when dealing with personal information.

Since its establishment, no applications for access to personal information or privacy complaints have been received by the EPA under the **Privacy and Personal Information Protection Act 1998**.

## GOVERNMENT INFORMATION (PUBLIC ACCESS)

During the year the EPA received a total of 70 formal applications for access to information under the **Government Information (Public Access) Act 2009**. A total of 66 applications were completed in the same period. The EPA refused 18 formal access applications because the information requested was either information referred to in Schedule 1 of the Act or there were public interest considerations against disclosure. Of those applications, only one was refused in full and 17 were refused in part.

**Tables A–H cover the EPA from 1 July 2012 to 30 June 2013.**

<b>Table A: Number of applications by type of applicant and outcome*</b>								
	<b>Access granted in full</b>	<b>Access granted in part</b>	<b>Access refused in full</b>	<b>Information not held</b>	<b>Information already available</b>	<b>Refuse to deal with application</b>	<b>Refuse to confirm/ deny whether information is held</b>	<b>Application withdrawn</b>
Media	2	1	0	0	0	1	0	1
Members of Parliament	1	1	0	0	0	0	0	0
Private sector business	11	0	0	0	0	2	0	0
Not-for-profit organisations or community groups	5	4	0	0	0	1	0	0
Members of the public (application by legal representative)	6	5	1	1	0	1	0	2
Members of the public (other)	11	6	0	2	0	1	0	0

\* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

<b>Table B: Number of applications by type of application and outcome</b>								
	<b>Access granted in full</b>	<b>Access granted in part</b>	<b>Access refused in full</b>	<b>Information not held</b>	<b>Information already available</b>	<b>Refuse to deal with application</b>	<b>Refuse to confirm/ deny whether information is held</b>	<b>Application withdrawn</b>
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	36	17	1	3	0	6	0	3
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

\* A 'personal information application' is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

The total number of decisions in Table B should be the same as Table A.

Table C: Invalid applications	
Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	1
Invalid applications that subsequently became valid applications	0
Table D: Conclusive presumption of overriding public interest against disclosure – matters listed in Schedule 1 of the Act	
	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	5
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

\* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure – matters listed in table to section 14 of the Act	
	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	2
Individual rights, judicial processes and natural justice	4
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness	
	Number of applications
Decided within the statutory time frame (20 days plus any extensions)	62
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	1
<b>Total</b>	<b>63</b>

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)			
	Decision varied	Decision upheld	Total
Internal review	0	4	4
Review by Information Commissioner*	0	1	1
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	1	1
<b>Total</b>	<b>0</b>	<b>6</b>	<b>6</b>

\* The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Table H: Applications for review under Part 5 of the Act (by type of applicant)*	
	Number of applications for review
Applications by access applicants	7
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	4

\* More than one review can be received in respect of one access application.

## AUDIT, RISK MANAGEMENT AND INSURANCE

### *EPA Finance, Audit and Risk Committee*

The EPA Board may appoint such committees as the Board considers appropriate to assist it in the exercise of its functions.

The EPA Board has established a Finance, Audit and Risk Committee. The objective of the committee is to provide independent assistance to the EPA Board by overseeing and monitoring the EPA's governance, risk and control frameworks, and external accountability requirements.

The committee is directly responsible to the Board and has no executive powers. The committee consists of the following members:

- Chris Knoblanche – independent Chair (four-year term of appointment, commencing 18 May 2012)
- Alec Brennan – independent Member 1 (three-year term of appointment, commencing 18 May 2012)
- Owen Walker – non-independent Member 1 (two-year term of appointment, commencing 18 May 2012).

The Finance, Audit and Risk Committee meets at least four times a year: in 2012–13 this was in August, September, February and May.

A quorum consists of two independent members. The EPA Board members, the Chief Audit Executive and external audit representatives are invited to attend meetings by the Chair of the Committee, as appropriate. The committee may also request the Chief Finance Officer or other employees to attend committee meetings or participate for certain agenda items. The committee also meets separately with both internal and external auditors.

Members of the committee are required to understand and observe the requirements of Treasury Circular NSW TC 09/08 August 2009. The Chair of the EPA Board has to complete an attestation statement that indicates all the Treasury requirements are met. The attestation statement is included in this report.

The committee's responsibilities include:

- risk management, including financial and business risks
- internal control framework
- external accountability such as review of financial statements
- review and compliance with applicable laws and regulations
- internal and external audit – forum for communication, review audit coverage and work plans and audit reports.

The committee reports regularly to the EPA Board on the following matters:

- summary of the committee's work
- summary of the EPA's progress in addressing the findings and recommendations made in internal and external audits
- overall assessment of the EPA's risk, control and compliance framework.

The committee must declare all conflicts of interest. All three members lodged pecuniary interest declarations upon their appointment to the committee and must formally advise the committee of any significant change in circumstances that affect the accuracy of those declarations. Members are also given the opportunity at the commencement of each committee meeting to declare any potential conflicts of interest.

The committee is required to establish a review mechanism to be carried out at least annually to ensure it continues to deliver on its Charter. The review is carried out by way of self-assessment checklists. The committee's first self-assessment was completed prior to its May 2013 meeting.

## EPA INTERNAL AUDIT

The EPA recognises that internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. The role of the Chief Audit Executive, who heads the EPA's internal audit function, is performed by the Director Stakeholder Engagement and Governance.

The EPA participates in the Office of Environment and Heritage (OEH) Internal Audit Program, where that agency's scheduled audits include the EPA in their scope. The EPA has also developed its own Internal Audit Plan that sits within OEH's broader program and includes two EPA-specific audits per year.

The 2012–15 EPA Internal Audit Plan was endorsed by the Finance, Audit and Risk Committee in May 2013. Auditable items have been identified as a result of the risk assessment process and, in particular, the internal audit of the EPA's risk management framework, discussed in Key Result Area 6 of this Annual Report.

The EPA has developed an Internal Audit Charter, which provides the framework for its conduct of the internal audit function. The purpose of the Charter is to address the role, responsibilities, authorisation, activities and reporting relationships of the internal audit function. The charter was reviewed by the Finance, Audit and Risk Committee and subsequently approved by the EPA Board in February 2013 to ensure it continues to be consistent with the financial, risk management and governance arrangements of the EPA and current professional practice.



**Internal Audit and Risk Management Statement for the 2012-2013 Financial Year  
for the Environment Protection Authority (EPA)**

I, Mark Gifford, Acting Chair and CEO of the EPA, am of the opinion that the EPA has internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Mark Gifford, Acting Chair and CEO of the EPA, am of the opinion that the internal audit and risk management processes for the EPA depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister and (b) the EPA has implemented the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
<p><b>Core Requirement 3, Clause 3.4.1</b> – the department head or governing board of the statutory body must appoint non-independent members of the Audit and Risk Committee from officers within the department or statutory body.</p>	<p><u>Reason for Departure</u></p> <ul style="list-style-type: none"> <li>• there are no senior positions within the EPA which would be suitable for this position as non-independent member on the Finance, Audit and Risk Committee; and</li> <li>• Office of Environment and Heritage (OEH) provides corporate specialist and support services to the EPA through a Service Agreement and therefore holds suitably qualified and experienced personnel.</li> </ul> <p><u>Description of the Proposed Approach</u></p> <ul style="list-style-type: none"> <li>• OEH's Director of Finance is appointed as non-independent member of the EPA's Finance, Audit and Risk Committee.</li> </ul>

I, Mark Gifford, Acting Chair and CEO of the EPA am of the opinion that the Finance, Audit and Risk Committee for the EPA is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Finance, Audit and Risk Committee are:

- Mr Chris Knoblanche - independent Chair (4 year term of appointment, commencing 18 May 2012)
- Mr Alec Brennan - independent Member (3 year term of appointment, commencing 18 May 2012).
- Mr Owen Walker - non-independent Member (2 year term of appointment, commencing 18 May 2012).

I, Mark Gifford, Acting Chair and CEO of the EPA, declare that this Internal Audit and Risk Management Statement is made on behalf of the following controlled entities:

- Office of the Environment Protection Authority

These processes, including the practicable alternative measures implemented, being the appointment of OEH's Director Finance as the non-independent member, provide a level of assurance that enables the senior management of the EPA to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with exceptions with the policy to the Treasury on behalf of the Treasurer.

*Mark Gifford* 28/8/13

**MARK GIFFORD**  
Acting Chair and CEO  
Environment Protection Authority

PO Box A290 Sydney South NSW 1232  
59-61 Goulburn St Sydney NSW 2000  
Tel: (02) 9995 5000 Fax: (02) 9995 5999  
TTY (02) 9211 4723  
ABN 43 692 265 758  
www.epa.nsw.gov.au

## EPA Insurance

The EPA, and the employees and volunteers of the Office of the EPA, are covered for their legal liability to any third party arising out of their operations worldwide.

The EPA has insurance cover through the NSW Treasury-Managed Fund, which used QBE for workers' compensation and GIO General Ltd for the other risk areas listed in the table below.

### Areas of risk and related insurance costs

	2011–12	2012–13
Workers' compensation	285	311
Public liability	3	2
Property	12	10
Motor vehicles	30	51
Miscellaneous	1	1
<b>Total</b>	<b>331</b>	<b>375</b>

Premiums are based on claims history and reflect the EPA's risk management approach to managing claims.

## CONTROLLED ENTITIES

In 2012–13, the EPA had one controlled entity.

On 29 February 2012, the Office of the Environment Protection Authority (the 'Office') was established as a Division of the Government Service responsible to the Minister for the Environment. The Office, as a not-for-profit entity, is a controlled entity of the EPA and employs staff to enable the EPA to exercise its functions. This entity is consolidated with the EPA as a part of the NSW total State Sector Accounts. The Office's objectives, operations, activities, performance targets and performance measures are included throughout the EPA Annual Report.

## PUBLIC INTEREST DISCLOSURES

In 2012–13, one public interest disclosure was made to the EPA. This was in relation to maladministration and was finalised in 2013.

The EPA operates under a Service Agreement with essential and corporate services being provided to the EPA by the Office of Environment and Heritage (OEH). To facilitate the operation of the Service Agreement, the EPA adopted the OEH Public Interest Disclosures (PID) Policy and Procedures during 2012–13. The EPA has modified these procedures to reflect the EPA's structure and its business.

Communications were made to staff regarding the adoption of OEH procedures including the PID Policy and Procedures.

The EPA is required to report all PIDs on a six monthly basis to the NSW Ombudsman's Office. The EPA was non-compliant for the six monthly PID report to the Ombudsman covering the July–December 2012 period due to an administrative oversight while transitioning from OEH reporting of EPA PIDs under the Service Agreement to EPA self-reporting. The EPA did comply for the January–June 2013 reporting period and the Ombudsman's office accepted the one report from the EPA for the full 2012–13 financial year during the last six monthly reporting period.

## DISCLOSURE OF SUBSIDIARIES

The EPA had no subsidiaries in 2012–13.

## STATEMENT OF CREDIT CARD USE

The EPA has a credit card program and policy in place, which is consistent with the NSW Government's policy as outlined in relevant Treasury Circulars and Treasurer's Directions. NSW Treasury issued a new policy requiring the use of credit cards for all transactions under \$3000. Since the new policy was issued, the EPA has increased its use of credit cards.

Credit cards are mainly used for stores, travel, minor repairs and maintenance, consumables, training and conferences, and small value items. The EPA has rigorous management measures in place to minimise credit card misuse, including stringent delegations, card limits, systems controls, review and reporting. There were no incidents of purchasing card fraud during 2012–13.

Each direct report for the CEO has certified that their Branch's use of corporate cards is in accordance with the EPA guidelines. The EPA Chair and CEO certifies that credit card use in the EPA has been in accordance with NSW Government requirements.

## CONSULTANTS

A consultant is an external organisation or individual engaged for their specialist services for a defined period of time solely to provide an expert opinion or recommendation to the EPA to address specific environmental and conservation management issues.

<b>Consultancies of \$50,000 or more: 2012–13</b>			
<b>Consultant</b>	<b>Category</b>	<b>Product description</b>	<b>Cost (\$)</b>
Ipsos Public Affairs Pty Ltd	Environmental	EPA external stakeholder survey	54,881
Ernst & Young	Environmental	OEH/EPA Shared Service Arrangement	133,991
Pacific Environmental Services	Environmental	Progress payment for Upper Hunter Air Quality Particle Model	101,686
Subtotal	3		290,558
<b>Consultancies less than \$50,000: 2012–13</b>			
Finance and accounting	–	n/a	–
Information technology	–	n/a	–
Legal	–	n/a	–
Management services	–	n/a	–
Environmental	24	n/a	206,087
Engineering	–	n/a	–
Organisational review	–	n/a	–
Training	–	n/a	–
Subtotal	24	n/a	206,087
<b>Total consultancies</b>	<b>24</b>	<b>–</b>	<b>496,645</b>

## OVERSEAS VISITS

Name	Destination	Purpose	Dates
Steve Beaman	New Zealand	Attend Standing Council on Environment and Water Summit	10–11 April 2013
Mark Carey	South Korea	Attend World Institute of Nuclear Security/Korean Association for Radiation Protection Conference	26–29 November 2012
Shabnam Gill	New Zealand	Attend ANSOG Executive Masters of Public Administration workshop	27 November 2012–1 December 2012
Michael Hood	New Zealand	Attend ANSOG Executive Masters of Public Administration workshop	27 November 2012–1 December 2012

## GRANTS

### *Waste and Sustainability Improvement Payments*

The aims and objectives of the Waste and Sustainability Improvement Payments are to provide funding for local councils in the regulated area to undertake locally relevant waste and sustainability projects. Councils are required to meet set criteria and have an action plan approved by the EPA before being eligible for the funds.

Recipient organisation	Amount of grant
Ashfield Council	271,693
Auburn Council	486,912
Ballina Council	253,469
Bankstown Council	1,185,696
Bellingen Council	80,146
Blacktown Council	1,943,511
Blue Mountains Council	487,565
Botany Bay Council	259,198
Burwood Council	213,365
Byron Council	191,721
Camden Council	363,078
Campbelltown Council	940,542
Canada Bay Council	496,981
Canterbury Council	900,301
Cessnock Council	326,488
Clarence Valley Council	318,770
Coffs Harbour Council	441,179
Dungog Council	53,159
Fairfield Council	1,222,920
Gloucester Council	30,937
Gosford Council	1,042,992
Great Lakes Council	221,426
Greater Taree Council	298,263
Hawkesbury Council	399,513
Holroyd City Council	646,029
Hornsby Shire Council	1,019,183

Recipient organisation	Amount of grant
Hunters Hill Council	86,329
Hurstville Council	513,550
Kempsey Shire Council	181,539
Kiama Council	129,568
Kogarah Council	366,574
Ku-ring-gai Council	713,419
Kyogle Council	59,317
Lake Macquarie City Council	1,218,486
Lane Cove Council	206,474
Leichhardt Council	346,130
Lismore Council	275,419
Liverpool City Council	1,169,811
Maitland City Council	433,174
Manly Council	264,528
Marrickville Council	506,833
Mosman Council	183,324
Muswellbrook Council	101,517
Nambucca Council	119,952
Newcastle Council	963,399
North Sydney Council	416,922
Parramatta City Council	1,085,665
Penrith Council	1,148,652
Pittwater Council	374,796
Port Macquarie Hastings Council	466,157
Port Stephens Council	417,077
Randwick City Council	856,801
Richmond Valley Council	141,167
Rockdale Council	639,648
Ryde City Council	674,030
Shellharbour Council	410,833
Shoalhaven City Council	597,354
Singleton Council	145,888
Strathfield Council	231,004
Sutherland Shire Council	1,366,775
Sydney City Council	1,141,269
The Hills Shire Council	1,100,791
Tweed Council	550,209
Upper Hunter Shire Council	88,356
Warringah Council	918,089
Waverley Council	426,463
Willoughby City Council	445,557
Wingecarribee Shire Council	286,365
Wollondilly Council	276,171
Wollongong Council	1,251,487
Woollahra Council	350,316
Wyong Shire Council	957,777
<b>Total</b>	<b>38,700,000</b>

## National Packaging Covenant

The aims and objectives of the National Packaging Covenant are to provide funding for recycling equipment and reprocessing projects for better handling of waste packaging materials.

Recipient organisation	Amount of grant
Albury City Council	18,019
Eurobodalla Shire Council	12,085
Great Lakes Council	17,055
Kempsey Shire Council	15,855
Lord Howe Island Board	1,250
Randwick City Council	12,727
Shoalhaven City Council	23,182
Wingecarribee Shire Council	18,032
<b>Total</b>	<b>118,204</b>

## Illegal dumping

The aims and objectives of the Illegal Dumping Grant Program are to provide additional capacity and coordination for councils to deal with illegal dumping.

Recipient organisation	Amount of grant
Bega Valley Shire Council	38,406
Griffith City Council	27,295
Kiama Municipal Council	200,000
Penrith City Council	406,000
Penrith City Council	50,000
Port Macquarie Hastings Council	14,490
Tweed Shire Council	45,620
Uralla Shire Council	24,681
Wentworth Shire Council	50,000
Wyong Shire Council	47,800
<b>Total</b>	<b>904,292</b>

## Waste Recycling Program

The aims and objectives of the Waste Recycling Program are to provide funding to groups of councils which fall outside regulated areas to undertake locally relevant waste and recycling projects. Councils are required to meet set criteria and have an action plan approved by the EPA before being eligible for the funds.

Recipient organisation	Amount of grant
Eurobodalla Shire Council	198,000
Midwaste	298,000
Netwaste	584,000
North East Waste Forum	298,000
Northern Inland Regional Waste	242,000
Riverina Eastern Regional Organisation	165,000
Riverina & Murray Regional Organisation	240,000
<b>Total</b>	<b>2,025,000</b>

## Household Clean-Up Program

The aims and objectives of the Household Clean-Up Program are to provide support to regional groups of councils outside of regulated areas to undertake household hazardous waste collection and treatment events.

Recipient organisation	Amount of grant
Eurobodalla Shire Council	32,500
Midwaste	45,000
Netwaste	100,000
North East Waste Forum	17,500
Northern Inland Regional Waste	32,500
Riverina Eastern Regional Organisation	75,000
<b>Total</b>	<b>302,500</b>

## Community recycling centres

The aims and objectives of the Community Recycling Centres grant program are to contribute to building Community Recycling Centres for household problematic waste drop-off and collection for recycling.

Recipient organisation	Amount of grant
Lake Macquarie City Council	200,000
Liverpool City Council	200,000
<b>Total</b>	<b>400,000</b>

## Community Education for Waste Avoidance Program

The aims and objectives of the Community Education for Waste Avoidance Program are to fund small-scale projects at the local level to raise awareness and motivate households to avoid the generation of food waste.

Recipient organisation	Amount of grant
Ashfield Council	22,050
Eurobodalla Shire Council	4,936
Forbes Shire Council	5,976
Gunnedah Shire Council	540
Holroyd City Council	2,500
Hornsby Shire Council	678
Hunters Hill Council	7,757
Ku-ring-gai Council	4,500
Maitland City Council	2,500
Midwaste	11,910
Netwaste	22,081
Parramatta City Council	22,500
Randwick City Council	1,450
Ryde City Council	24,700
The Council Of Camden	15,570
The Hills Shire Council	15,030
Willoughby City Council	27,000
<b>Total</b>	<b>191,676</b>

## Wood Smoke Reduction Program

The aims and objectives of the Wood Smoke Reduction Program are to assist councils educating the public on wood smoke pollution, conduct surveys and perform law enforcement activities on wood smoke pollution.

Recipient organisation	Amount of grant
Armidale Dumaresq Council	15,000
Bathurst Regional Council	15,737
Blacktown City Council	15,000
Campbelltown City Council	10,500
City of Lithgow Council	6,000
Cooma–Monaro Council	3,000
Deniliquin Council	6,000
Dubbo City Council	18,000
Holroyd City Council	6,000
Maitland City Council	1,800
Muswellbrook Shire Council	12,000
Port Macquarie Hastings Council	12,000
Riverina Eastern Regional Organisation	30,000
Singleton Shire Council	1,500
The Council of Camden	17,999
Warrumbungle Shire Council	1,500
Wollongong City Council	4,800
<b>Total</b>	<b>176,836</b>

<b>Grand total</b>	<b>42,818,508</b>
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## SPONSORSHIPS

The EPA has historically undertaken sponsorship arrangements to support activities and events which advance the corporate goals of the organisation, especially in relation to interacting with licensees and the community.

The EPA strategically reviewed its approach to the provision of sponsorship. This involved a review of the current approach of both the EPA and the Office of Environment and Heritage and an assessment of best practice in other organisations with a new policy now being implemented.

Organisation/ conference sponsored	Amount	Details
Garage Sale Trail Foundation	\$70,000	Sponsor for 2013 Annual National Garage Sale Trial Foundation event on 16 October 2013
Local Government NSW	\$35,000	Sponsor for Local Government NSW Conference (\$20,000) and its Excellence in Environment Awards (\$15,000)
Impact Environment Consulting Pty Ltd	\$13,636	Sponsor for Waste 2013 Conference – Coffs Harbour
Hazmat 2013 Conference	\$7,000	Run by Fire Protection Association of Australia for transporters of dangerous goods and responders to emergency situations
Riverina Eastern Regional Organisation of Councils	\$3,000	Sponsor for Rural Regional Waste Management Conference 2013
Waste Management Association	\$2,000	Sponsor WMA NSW branch for Waste Less, Recycle More Initiatives 2013 seminar
<b>Total</b>	<b>\$130,636</b>	

# ACCOUNT PAYMENT PERFORMANCE

## Aged analysis at the end of each quarter\*

Quarter	Current (i.e. within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue
<b>All suppliers</b>					
September	3,014,672	37,817	72,720	–	–
December	3,655,467	57,946	–	705	1,868
March	3,972,899	238,479	35,915	10,943	26,219
June	7,865,863	317,779	29,782	–	3,245
<b>Small business suppliers</b>					
September	24,750	–	–	–	–
December	96,528	220	–	–	–
March	90,701	–	–	–	–
June	140,749	–	–	–	–

\* Under the transitional requirements, penalty interest payments to suppliers who have identified themselves as small businesses.

## Accounts due or paid within each quarter

Measure	Sep 2012	Dec 2012	Mar 2013	Jun 2013
<b>All suppliers</b>				
Number of accounts due for payment	931	1,418	1,230	2,031
Number of accounts paid on time	900	1,389	1,180	1,978
Actual percentage of accounts paid on time (based on number of accounts)	96.7%	98%	95.9%	97.4%
Dollar amount of accounts due for payment	3,125,209	3,715,985	4,284,456	8,367,280
Dollar amount of accounts paid on time	3,014,672	3,655,467	3,972,899	8,014,146
Actual percentage of accounts paid on time (based on \$)	96.46%	98.37%	92.73%	95.77%
Number of payments for interest on overdue accounts	–	–	–	–
Interest paid on overdue accounts	–	–	–	–

Measure	Sep 2012	Dec 2012	Mar 2013	Jun 2013
<b>Small business suppliers</b>				
Number of accounts due for payment	33	48	22	29
Number of accounts paid on time	33	47	22	29
Actual percentage of accounts paid on time (based on number of accounts)	100%	97.9%	100%	100%
Dollar amount of accounts due for payment	24,750	96,748	90,701	140,749
Dollar amount of accounts paid on time	24,750	96,528	90,701	140,749
Actual percentage of accounts paid on time (based on \$)	100%	99.7%	100%	100%
Number of payments for interest on overdue accounts	–	–*	–	–
Interest paid on overdue accounts	–	–	–	–

\* Calculated at \$1.12 which is <\$20 so no interest was paid.

## MAJOR CAPITAL WORKS

No major capital works were managed by the EPA in 2012–13.

## BUDGETS

Total recurrent operating expenses:

Original 2012–13 Budget	\$120.898m
Revisions	Nil
Final 2012–13 Budget	\$120.898m
<b>2013–14 Budget</b>	<b>\$137.669m</b>

The adjustments to budget first approved are nil.

The reason for the increase between the 2012–13 and 2013–14 budget is as follows:

- The increase in recurrent expenditure proposed in the 2013–14 Budget results from the transfer of air quality and coal seam gas compliance functions to the EPA and to an increase in funding for waste-related programs.

The capital works expenditure budget for 2013–14 is \$3.4 million and is primarily for software systems to support the EPA's regulatory business.

## ECONOMIC OR OTHER FACTORS

### *Aim*

The aim of this section of the annual report item is to briefly describe some major economic and other factors which affected the operating environment for EPA activities during 2012–13, and how these factors may influence the agency's operation in the near future.

### *Major factors affecting environmental management in NSW during 2012–13*

The NSW economy, along with the general Australian economy, was subdued during 2012–13. This was due to a general global weakness and continued slow recovery from the global financial crisis in European and US economies, while China also pulled back on previously strong growth.

The Australian dollar remains strong, though it has fallen by about 10% from previous highs. Combined with high costs of production in Australia, many companies have faced significant challenges in export markets. Domestic markets have also been subdued with consumers increasing savings and reducing expenditures on non-essential goods and services.

Work on projects previously commenced meant that investment in mining infrastructure remained high. While construction activity related to further capital works is anticipated to decline in forward years, the volume of raw materials extracted is expected to be maintained or grow slightly. The greater mining capacity provided by the additional infrastructure may increase air pollution if commodity prices remain at or near current levels. While volatile, anticipated commodity price trends suggest a similar level of mining activity will be undertaken over the coming year.

Residential and commercial sector construction activity is expected to lead a return to stronger economic growth in NSW over the coming year. Mining, while still contributing strongly, will contribute less as a proportion of total economic activity.

Population growth in NSW has remained relatively constant at about 1.3% per annum. Approximately 50% of growth was due to natural population growth and 50% to immigration – with this expected to continue over the next few years. Growth is expected to be uneven with the Sydney metropolitan area growing at 1.7%, other metropolitan areas 1.1% and regional areas at 0.6%. The top five regional growth areas are expected to be Tweed, Port Macquarie–Hastings, Queanbeyan, Bathurst Regional and Wagga Wagga.

Assuming an ongoing reduction in per capita waste generation, population growth is not expected to provide an unmanageable growth in waste across NSW. However, the increasing trend for population growth to be centred around key regional centres and the Sydney metropolitan area may pose some challenges at the local level.

In summary, subdued economic activity (in sectors other than mining-related sectors) and steady population growth provided a relatively stable operating environment during 2012–13 and is expected to continue over the next year.

## CONSUMER RESPONSE

The EPA is committed to its stakeholders and values any feedback and complaints received. The agency provides a systematic and consistent approach when handling all feedback and complaints and strives to respond in a courteous, efficient and equitable manner. The EPA operates under the **OEH Fraud and Corruption Prevention Strategy** which details its approach to prevention, detection, regulation, reporting and investigation of fraud and corruption. The EPA also operates under the **OEH policy and approach for managing external complaints and allegations**, which details how it handles external complaints.

Complaints received by the EPA from the public often relate to:

- dissatisfaction with the EPA response to environmental issues
- the time it takes for action on a pollution report
- dissatisfaction with the amount of feedback provided to a complainant
- a lack of EPA involvement for issues where another body is the appropriate regulatory authority (ARA)
- allegations of unethical conduct, corrupt conduct and other complaints referred by the NSW Ombudsman's Office or the Independent Commission Against Corruption (ICAC).

Some complaints are a result of the public perception that the EPA is the ARA for all environmental issues when, for many, councils or other agencies are defined as the ARA under the relevant legislation. Any requested advice on a specific issue is passed on where it can be made public knowledge, such as information from media releases or provided directly from the EPA.

During 2012–13, the EPA received 14 significant complaints. These included allegations of misconduct, corrupt conduct and other complaints referred to the EPA directly or via the NSW Ombudsman's Office or ICAC. Twelve of these allegations were finalised during the financial year. Evidence of improper conduct was found in two cases and appropriate action taken.

## PRODUCTION COST OF ANNUAL REPORT

Costs associated with the production of this report were covered by OEH under the OEH/EPA Service Agreement 2012–2013.

# ENVIRONMENT PROTECTION AUTHORITY FINANCIAL STATEMENTS

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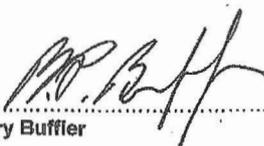
## ENVIRONMENT PROTECTION AUTHORITY

### Financial Statements

For the year ended 30 June 2013

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, we state that:

- a) the accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the Public Finance and Audit Regulation 2010, and the Treasurer's Directions;
- b) the statements exhibit a true and fair view of the financial position and transactions of the Authority; and
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Barry Buffler

Chair and Chief Executive Officer, EPA

18 September 2013



Chris Knoblanche

EPA Board Member

18 September 2013



## INDEPENDENT AUDITOR'S REPORT

### Environment Protection Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Environment Protection Authority (the Authority), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

#### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

#### The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

My opinion does *not* provide assurance:

- about the future viability of the Authority
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

### **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Caroline Karakatsanis  
Director, Financial Audit Services

23 September 2013  
SYDNEY

# BEGINNING OF AUDITED FINANCIAL STATEMENTS

## ENVIRONMENT PROTECTION AUTHORITY

### Consolidated Statement of Comprehensive Income for the year ended 30 June 2013

	Notes	Consolidated			Environment Protection Authority	
		Actual 2013 \$'000	Budget 2013 \$'000	Actual 2013 \$'000	Actual 2013 \$'000	Actual 2013 \$'000
<b>Expenses excluding losses</b>						
<b>Operating expenses</b>						
Employee related	2a	50,043	44,364	23,440	-	-
Personnel services expenses	2a	-	-	27,769	50,043	51,209
Other operating expenses	2b	36,026	32,198	35,935	36,026	35,935
Depreciation and amortisation	2c	288	774	279	288	279
Grants and subsidies	2d	44,790	43,562	38,429	44,790	38,429
<b>Total expenses excluding losses</b>		<b>131,147</b>	<b>120,898</b>	<b>125,852</b>	<b>131,147</b>	<b>125,852</b>
<b>Revenue</b>						
Sales of goods and services	3a	624	165	180	624	180
Investment revenue	3b	1,001	150	150	1,001	150
Retained taxes, fees and fines	3c	3	50	11	3	11
Grants and contributions	3d	127,603	115,934	116,240	127,603	116,240
Acceptance by the Crown Entity of employee benefits and other liabilities	3e	2,585	3,875	4,739	-	-
Personnel services	3e	-	-	-	2,585	4,739
Other revenue	3f	60	100	54	60	54
<b>Total revenue</b>		<b>131,876</b>	<b>120,274</b>	<b>121,374</b>	<b>131,876</b>	<b>121,374</b>
<b>Gain/(loss) on disposal</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net result</b>		<b>729</b>	<b>(624)</b>	<b>(4,478)</b>	<b>729</b>	<b>(4,478)</b>
<b>Other comprehensive income</b>						
Net increase/(decrease) in property, plant and equipment revaluation surplus	7	(14)	-	906	(14)	906
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>715</b>	<b>(624)</b>	<b>(3,572)</b>	<b>715</b>	<b>(3,572)</b>

The accompanying notes form part of these financial statements.

**ENVIRONMENT PROTECTION AUTHORITY**  
**Consolidated Statement of Financial Position**  
**for the year ended 30 June 2013**

	Notes	Consolidated			Environment Protection Authority	
		Actual 2013 \$'000	Budget 2013 \$'000	Actual 2013 \$'000	Actual 2013 \$'000	Actual 2013 \$'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	5	6,700	4,057	5,844	6,700	5,844
Receivables	6	2,565	250	158	2,565	158
<b>Total current assets</b>		<b>9,265</b>	<b>4,307</b>	<b>6,002</b>	<b>9,265</b>	<b>6,002</b>
<b>Non-current assets</b>						
<b>Property, plant and equipment</b>						
Land and buildings	7	4,811	–	4,931	4,811	4,931
Plant and equipment	7	770	42	606	770	606
<b>Total property, plant and equipment</b>		<b>5,581</b>	<b>42</b>	<b>5,537</b>	<b>5,581</b>	<b>5,537</b>
Intangible assets	8	46	3,426	72	46	72
<b>Total non-current assets</b>		<b>5,627</b>	<b>3,468</b>	<b>5,609</b>	<b>5,627</b>	<b>5,609</b>
<b>Total assets</b>		<b>14,892</b>	<b>7,775</b>	<b>11,612</b>	<b>14,892</b>	<b>11,612</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Payables	10	6,556	50	4,104	6,556	4,104
Provisions	11	5,951	3,606	5,842	–	–
Payable to the Office of the EPA	11	–	–	–	5,951	5,842
<b>Total current liabilities</b>		<b>12,507</b>	<b>3,656</b>	<b>9,947</b>	<b>12,507</b>	<b>9,947</b>
<b>Non-current liabilities</b>						
Provisions	11	85	–	86	–	–
Payable to the Office of the EPA		–	–	–	85	86
<b>Total non-current liabilities</b>		<b>85</b>	<b>–</b>	<b>86</b>	<b>85</b>	<b>86</b>
<b>Total liabilities</b>		<b>12,592</b>	<b>3,656</b>	<b>10,033</b>	<b>12,592</b>	<b>10,033</b>
<b>Net assets</b>		<b>2,300</b>	<b>4,119</b>	<b>1,579</b>	<b>2,300</b>	<b>1,579</b>
<b>Equity</b>						
Reserves		892	–	906	892	906
Accumulated funds		1,408	4,119	673	1,408	673
<b>TOTAL EQUITY</b>		<b>2,300</b>	<b>4,119</b>	<b>1,579</b>	<b>2,300</b>	<b>1,579</b>

*The accompanying notes form part of these financial statements.*

**ENVIRONMENT PROTECTION AUTHORITY**  
**Consolidated Statement of Changes in Equity**  
**for the year ended 30 June 2013**

	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	Total \$'000
<b>Balance at 1 July 2012</b>		673	906	1,579
<b>Net result for the year</b>		729	–	729
<b>Other comprehensive income:</b>				
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	7	–	(14)	(14)
<b>Total other comprehensive income</b>		–	(14)	(14)
<b>Total comprehensive income for the year</b>		729	(14)	715
<b>Transactions with owners in their capacity as owners</b>				
Increase/(decrease) in net assets from equity transfers	12	6	–	6
<b>Balance at 30 June 2013</b>		1,408	892	2,300
<b>Balance at 1 July 2011</b>		–	–	–
<b>Net result for the year</b>		(4,478)	–	(4,478)
<b>Other comprehensive income:</b>				
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	7	–	906	906
<b>Total other comprehensive income</b>		–	906	906
<b>Total comprehensive income for the year</b>		(4,478)	906	(3,572)
<b>Transactions with owners in their capacity as owners</b>				
Increase/(decrease) in net assets from equity transfers	12	5,151	–	5,151
<b>Balance at 30 June 2012</b>		673	906	1,579

*The accompanying notes form part of these financial statements.*

**ENVIRONMENT PROTECTION AUTHORITY**  
**Consolidated Statement of Cash Flows**  
**for the year ended 30 June 2013**

	Notes	Consolidated			Environment Protection Authority	
		Actual 2013 \$'000	Budget 2013 \$'000	Actual 2013 \$'000	Actual 2013 \$'000	Actual 2013 \$'000
<b>Cash flows from operating activities</b>						
<b>Payments</b>						
Employee related		(47,852)	(40,364)	(44,668)	–	–
Personnel services expenses		–	–	–	(47,852)	(44,668)
Grants and subsidies		(44,790)	(43,562)	(38,429)	(44,790)	(38,429)
Other*		(37,394)	(32,198)	(39,985)	(37,394)	(39,985)
<b>Total payments</b>		<b>(130,036)</b>	<b>(116,124)</b>	<b>(123,082)</b>	<b>(130,036)</b>	<b>(123,082)</b>
<b>Receipts</b>						
Grants and contributions		127,601	115,884	116,229	127,601	116,229
Sale of goods and services		624	165	180	624	180
Retained taxes, fees and fines		3	–	11	3	11
Interest received		458	150	150	458	150
Cash reimbursements from the Crown Entity**		1,573	–	774	1,573	774
Other		946	200	8,058	946	8,058
<b>Total receipts</b>		<b>131,205</b>	<b>116,399</b>	<b>125,401</b>	<b>131,205</b>	<b>125,401</b>
<b>Net cash flows from operating activities</b>	<b>16</b>	<b>1,169</b>	<b>275</b>	<b>2,320</b>	<b>1,169</b>	<b>2,320</b>
<b>Cash flows from investing activities</b>						
Purchases of intangible assets		–	–	(13)	–	(13)
Purchase of land and buildings, plant and equipment, infrastructure		(313)	(150)	(100)	(313)	(100)
<b>Net cash flows from investing activities</b>		<b>(313)</b>	<b>(150)</b>	<b>(113)</b>	<b>(313)</b>	<b>(113)</b>
<b>Cash flows from financing activities</b>						
Proceeds from borrowings and advances		–	–	–	–	–
<b>Net cash flows from financing activities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>856</b>	<b>125</b>	<b>2,207</b>	<b>856</b>	<b>2,207</b>
Opening cash and cash equivalents		5,844	3,932		5,844	–
Transferred in as a result of administrative restructure	12	–	–	3,637	–	3,637
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>5</b>	<b>6,700</b>	<b>4,057</b>	<b>5,844</b>	<b>6,700</b>	<b>5,844</b>

\* Includes payment to the Office of Environment and Heritage (OEH) for corporate and other specialist support

\*\* Includes reimbursement of long service leave

*The accompanying notes form part of these financial statements.*

# ENVIRONMENT PROTECTION AUTHORITY

## Notes to and forming part of the financial statement for the year ended 30 June 2013

### 1. Summary of significant accounting policies

#### (a) Reporting entity

The Environment Protection Authority (EPA) is constituted under Section 5 of the *Protection of the Environment Administration Act 1991* as a statutory body corporate.

The EPA as a reporting entity comprises the Office of the EPA, an entity under its control. The Office of the EPA employs staff to enable the EPA to exercise its functions.

On the 29 February 2012 the Public Sector Employment and Management (Office of the Environment Protection Authority) Order 2012 established the Office of the Environment Protection Authority as a Division of the Government Service responsible to the Minister for the Environment. The Office's objective is to provide the personnel services to the EPA.

The EPA is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The EPA is consolidated as part of the NSW total State Sector Accounts.

The EPA is responsible for licensing and regulating air emissions, contaminated sites, hazardous materials, including dangerous goods, noise, pesticides, forestry activities, waste, water quality and state of the environment reporting.

These consolidated financial statements were authorised for issue by the EPA Chair and EPA Chief Executive Officer, on 18 September 2013.

#### (b) Basis of preparation

The EPA's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and Regulation
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment held for sale and financial assets at 'fair value through profit or loss' and available for sales are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and the estimations that management have made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

#### (c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

#### **(d) Administered activities**

The EPA administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the EPA's own objectives.

Transactions and balances relating to the administered activities are not recognised as the EPA's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered income', 'Administered expenses', 'Administered assets' and 'Administered liabilities'.

The accrual basis of accounting and applicable accounting standards have been adopted.

#### **(e) Insurance**

The EPA's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

#### **(f) Accounting for the Goods and Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the EPA as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense, and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

#### **(g) Income recognition**

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

- (i) Sale of goods  
Revenue from the sale of goods is recognised as revenue when the EPA transfers the significant risks and rewards of ownership of the assets.
- (ii) Rendering of services  
Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).
- (iii) Investment revenue  
Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

## (h) Assets

### (i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisition of assets controlled by the EPA. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards. Assets acquired at no cost, or for nominal consideration during the year, are initially recognised as assets and revenues at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer – Note 1(k)).

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

### (ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

### (iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of physical non-current assets at Fair Value' Policy and guidelines paper TPP 07-01 (as amended by TC 12/05 and TC 10/07). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment are measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their higher and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of asset, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation surplus in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the EPA are regarded as immaterial.

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write-off the depreciable amount of each asset as it is consumed over its useful life to the EPA. All material separately identifiable components of assets are depreciated over their shorter useful lives.

- Plant and equipment – 6.67–50%
- Buildings – 2.5%
- Amortisation of intangible assets – software: 25%

(vi) Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(vii) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(viii) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(ix) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

(x) Intangible assets

The EPA recognises intangible assets only if it is probable that future economic benefit will flow to the EPA and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible **software assets** are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the EPA's intangible software assets, the assets are carried at cost less any accumulated amortisation.

The EPA's intangible software assets are amortised using the straight-line method over a period of four years for software.

(xi) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(xii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

When an available-for-sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available for sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xiii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or if the EPA transfers the financial asset:

- where substantially all the risks and rewards have been transferred, or
- where the EPA has not transferred substantially all the risks and rewards, if the EPA has not retained control.

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

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(xiv) Other assets

Other assets are recognised on a cost basis.

## **(i) Liabilities**

(i) Payables

These amounts represent liabilities for goods and services provided to the EPA and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially measured at fair value, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised, less accumulated amortisation, where appropriate.

The EPA has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2013 and at 30 June 2012. However, refer to Note 14 regarding disclosures on contingent liabilities.

(iii) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(b) Long service leave and superannuation

The EPA's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The EPA accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

## (j) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the EPA's policy on the revaluation of property, plant and equipment as discussed in Note 1(h)(iii).

(ii) Accumulated funds

The category 'Accumulated funds' includes all current and prior period retained funds.

### **(k) Equity transfers**

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated funds'. This treatment is consistent with AASB 1004 Contributions and *Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

### **(l) Budgeted amounts**

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

### **(m) Comparative information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

### **(n) New Australian Accounting Standards issued but not effective**

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 13/02).

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans-Tasman Convergence – RDR
- AASB 2011-4 removing individual KMP disclosure requirements
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-12 regarding Interpretation 20

- AASB 2012-1 regarding fair value measurement – RDR requirements
- AASB 2012-2 regarding disclosures – offsetting financial assets and financial liabilities
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2012-4 regarding government loans – first time adoption
- AASB 2012-5 regarding annual improvements 2009-2-11 cycle
- AASB 2012-7 regarding RDR
- AASB 2012-9 regarding withdrawal of Interpretation 1039
- AASB 2012-10 regarding transition guidance and other amendments
- AASB 2012-11 regarding RDR requirements and other amendments

These standards have been assessed for their possible impact on the financial statements, if any, in the period of their initial application. The assessment concluded that there will be no material impact.

## 2. Expenses excluding losses

### (a) Employee related expenses and personnel services

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Salaries and wages (including recreation leave)	40,368	14,214	–	–
Superannuation - defined benefit plans	1,196	382	–	–
Superannuation - defined contribution plans	3,017	1,246	–	–
Long service leave	1,309	4,554	–	–
Workers' compensation insurance	311	111	–	–
Payroll tax and fringe benefits tax	2,515	1,412	–	–
Other	1,327	1,522	–	–
Personnel expenses*	–	27,769	50,043	51,209
	<b>50,043</b>	<b>51,209</b>	<b>50,043</b>	<b>51,209</b>

\* In 2011–12, personnel expenses of \$27,768,692 were provided to the EPA by the Department of Premier and Cabinet (DPC) through OEH from 1 July 2011 till 28 February 2012.

**Employee related expenses include long service leave expenses and related on-costs of \$2.9m (2012: \$5.3m).**

## (b) Other operating expenses

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Contractor – projects	8,008	5,311	8,008	5,311
Consultants	497	107	497	107
Maintenance*	382	259	382	259
Fees and services	431	1,704	431	1,704
Corporate support from DPC (OEH)	15,841	13,878	15,841	13,878
Other specialist services from DPC (OEH)	4,621	7,400	4,621	7,400
Payments to NSW Government agencies	153	671	153	671
Stores and minor assets	510	494	510	494
Fleet costs	1,033	1,335	1,033	1,335
Operating lease rental expenses (minimum lease payments)	1,563	1,593	1,563	1,593
Insurance	64	57	64	57
Information dissemination	551	683	551	683
Travel costs	940	1,045	940	1,045
Other occupancy costs	725	690	725	690
Training	347	423	347	423
Communication costs	221	183	221	183
Legal costs	76	27	76	27
Auditor's remuneration (audit or review of the financial statements)	45	35	45	35
Impairment of assets and bad debts	4	12	4	12
Other	14	55	14	55
Expenses capitalised	–	(27)	–	(27)
	<b>36,026</b>	<b>35,935</b>	<b>36,026</b>	<b>35,935</b>

### (c) Depreciation and amortisation expense

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Depreciation:</b>				
Buildings and improvements	106	113	106	113
Plant and equipment	80	92	80	92
Furniture and fittings	69	49	69	49
	<b>255</b>	<b>253</b>	<b>255</b>	<b>253</b>
Amortisation of intangibles	33	26	33	26
	<b>33</b>	<b>26</b>	<b>33</b>	<b>26</b>
	<b>288</b>	<b>279</b>	<b>287</b>	<b>279</b>

### (d) Grants and subsidies

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
NSW Government	1,051	10	1,051	10
Local government	4,117	2,842	4,117	2,842
Waste performance improvement payments	38,700	34,800	38,700	34,800
Non-government organisations	922	777	922	777
	<b>44,790</b>	<b>38,429</b>	<b>44,790</b>	<b>38,429</b>

## 3. Revenue

### (a) Sale of goods and services

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Sale of goods:</b>				
Sale of publications and stock	-	1	-	1
	-	1	-	1
<b>Rendering of services:</b>				
Minor fees and charges	326	177	326	177
Advisory fees	298	2	298	2
	624	179	624	178
<b>Total</b>	<b>624</b>	<b>180</b>	<b>624</b>	<b>180</b>

## (b) Investment revenue

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Interest revenue from financial assets at fair value through profit or loss	1,001	150	1,001	150
	<b>1,001</b>	<b>150</b>	<b>1,001</b>	<b>150</b>

## (c) Retained taxes, fees and fines

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Fines:</b>				
Parking, court and other	3	11	3	11
<b>Total</b>	<b>3</b>	<b>11</b>	<b>3</b>	<b>11</b>

## (d) Grants and contributions

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Funding was provided by the Commonwealth and State Governments together with private and corporate sponsorship as follows:</b>				
Federal Government	175	211	175	211
NSW Government-externally sourced funding	12,343	10,893	12,343	10,893
Other state governments	–	–	–	–
Local government		–		–
NSW Government-recurrent and capital funding	114,143	102,588	114,143	102,588
Non-government organisations	942	2,537	942	2,537
Asset recognised first time (refer to Note 7)	–	11	–	11
<b>Total</b>	<b>127,603</b>	<b>116,240</b>	<b>127,603</b>	<b>116,240</b>

## (e) Acceptance by the Crown Entity of employee benefits and other liabilities

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>The following liabilities and/or expenses have been assumed by the Crown Entity:</b>				
Superannuation - defined benefit	1,196	1,145	–	–
Long service leave	1,328	3,532	–	–
Payroll tax on superannuation	61	62	–	–
Personnel services revenue	–	–	2,585	4,739
	<b>2,585</b>	<b>4,739</b>	<b>2,585</b>	<b>4,739</b>

## (f) Other revenue

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Insurance recoveries	54	31	54	31
Miscellaneous revenue	6	23	6	23
	<b>60</b>	<b>54</b>	<b>60</b>	<b>54</b>

## 4. Service groups of the Environment Protection Authority

### Service Group Environment Protection and Regulation

Service Description:	Environment Protection Authority
	This service group delivers targeted and cost-effective regulatory services across a range of environment protection areas. It implements market-based programs as well as providing audit and enforcement programs and emergency services designed to reduce environmental impacts. It works closely with industry and local government to encourage proactive compliance with environmental regulations.

## 5. Current assets – cash and cash equivalents

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>For the purposes of the statement of cash flows, cash and cash equivalents include all of the following:</b>				
Cash at bank	6,700	5,844	6,700	5,844
<b>Closing cash and cash equivalents (as per statement of cash flows)</b>	<b>6,700</b>	<b>5,844</b>	<b>6,700</b>	<b>5,844</b>

Refer to Note 9 for details on restricted cash balances.

Refer to Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

## 6. Current assets – receivables

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Sale of goods and services	620	–	620	–
Less: Allowance for impairment	(4)	–	(4)	–
Accrued income	1,241	–	1,241	–
Prepayments	227	130	227	130
GST	461	28	461	28
Other receivables	20	–	20	–
	<b>2,565</b>	<b>158</b>	<b>2,565</b>	<b>158</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 18.

## 7. Non-current assets – property, plant and equipment

Consolidated and parent	Buildings \$'000	Plant and \$'000 equipment	Total \$'000
<b>At 1 July 2012 - fair value</b>			
Gross carrying amount	5,370	2,396	7,766
Accumulated depreciation and impairment	(439)	(1,790)	(2,229)
<b>Net carrying amount</b>	<b>4,931</b>	<b>606</b>	<b>5,537</b>
<b>At 30 June 2013 - fair value</b>			
Gross carrying amount	5,355	2,257	7,612
Accumulated depreciation and impairment	(544)	(1,487)	(2,031)
<b>Net carrying amount</b>	<b>4,811</b>	<b>770</b>	<b>5,581</b>

### Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

Consolidated and parent	Buildings \$'000	Plant and \$'000 equipment	Total \$'000
<b>Year ended 30 June 2013</b>			
Net carrying amount at start of year (1 July 2012)	4,931	606	5,537
Additions	–	313	313
Asset recognised first time	–	–	–
Acquisitions through administrative restructures-transferred from OEH	–	–	–
Net revaluation increment less revaluation decrements	(14)		(14)
Depreciation expense	(106)	(149)	(255)
<b>Net carrying amount at end of year</b>	<b>4,811</b>	<b>770</b>	<b>5,581</b>

For additional details regarding impairment losses-refer AASB 136.126-137

Consolidated and parent	Buildings \$'000	Plant and \$'000 equipment	Total \$'000
<b>At 1 July 2011 - fair value</b>			
Gross carrying amount	–	–	–
Accumulated depreciation and impairment	–	–	–
Net carrying amount	–	–	–
<b>At 30 June 2012 - fair value</b>			
Gross carrying amount	5,370	2,396	7,766
Accumulated depreciation and impairment	(439)	(1,790)	(2,229)
<b>Net carrying amount</b>	<b>4,931</b>	<b>606</b>	<b>5,537</b>

## Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

Consolidated and parent	Buildings \$'000	Plant and \$'000 equipment	Total \$'000
<b>Year ended 30 June 2012</b>			
Net carrying amount at start of year (1 July 2011)	–	–	–
Additions	–	99	99
Asset recognised first time	–	11	11
Acquisitions through administrative restructures-transferred from OEH	4,138	636	4,774
Net revaluation increment less revaluation decrements	906	–	906
Depreciation expense	(113)	(140)	(253)
<b>Net carrying amount at end of year</b>	<b>4,931</b>	<b>606</b>	<b>5,537</b>

For additional details regarding impairment losses-refer AASB 136.126-137

## 8. Intangible assets

Consolidated and parent	Software \$'000	Total \$'000
<b>As at 1 July 2012 - fair value</b>		
Gross carrying amount	192	192
Accumulated amortisation and impairment	(120)	(120)
Net carrying amount	72	72
<b>At 30 June 2013 - fair value</b>		
Gross carrying amount	215	215
Accumulated amortisation and impairment	(169)	(169)
<b>Net carrying amount</b>	<b>46</b>	<b>46</b>
<b>Consolidated and parent</b>		
<b>Year ended 30 June 2013</b>		
Net carrying amount at start of period (1 July 2012)	72	72
Additions	–	–
Acquisitions through administrative restructures-transferred from OEH	7	7
Amortisation (recognised in 'Depreciation and amortisation')	(33)	(33)
<b>Net carrying amount at end of year</b>	<b>46</b>	<b>46</b>

<b>Consolidated and parent</b>	<b>Software \$'000</b>	<b>Total \$'000</b>
<b>As at 1 July 2011 - fair value</b>		
Gross carrying amount	–	–
Accumulated amortisation and impairment	–	–
<b>Net carrying amount</b>	<b>–</b>	<b>–</b>
<b>At 30 June 2012 - fair value</b>		
Gross carrying amount	192	192
Accumulated amortisation and impairment	(120)	(120)
<b>Net carrying amount</b>	<b>72</b>	<b>72</b>
<b>Consolidated and parent</b>		
<b>Year ended 30 June 2012</b>		
<b>Net carrying amount at start of year (1 July 2011)</b>	<b>–</b>	<b>–</b>
Additions	14	14
Acquisitions through administrative restructures-transferred from OEH	84	84
Amortisation (recognised in 'Depreciation and amortisation')	(26)	(26)
<b>Net carrying amount at end of year</b>	<b>72</b>	<b>72</b>

## 9. Restricted assets

	<b>Consolidated</b>		<b>Environment Protection Authority</b>	
	<b>2013 \$'000</b>	<b>2012 \$'000</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>Current</b>				
Consolidated	327	2,034	327	2,034
	<b>327</b>	<b>2,034</b>	<b>327</b>	<b>2,034</b>

The above amounts are recognised as restricted assets as there are specific legislative or contractual conditions associated with the use of these funds.

## 10. Current liabilities – payables

	<b>Consolidated</b>		<b>Environment Protection Authority</b>	
	<b>2013 \$'000</b>	<b>2012 \$'000</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
Accrued salaries, wages and on-costs	1,073	903	–	–
Creditors	5,483	3,201	5,483	3,201
Payable to the Office of the EPA	–	–	1,073	903
	<b>6,556</b>	<b>4,104</b>	<b>6,556</b>	<b>4,104</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 18.

## 11. Current/non-current liabilities – provisions

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Current</b>				
<b>Employee benefits and related on-costs</b>				
Recreation leave*	3,892	3,835	–	–
Recreation leave on-costs*	448	365	–	–
Long service leave on-costs**	1,611	1,642	–	–
Payable to the Office of the EPA	–	–	5,951	5,842
	<b>5,951</b>	<b>5,842</b>	<b>5,951</b>	<b>5,842</b>
<b>Non-current</b>				
Recreation leave*	–	–	–	–
Long service leave on-costs**	85	86	–	–
Payable to the Office of the EPA	–	–	85	86
	<b>85</b>	<b>86</b>	<b>85</b>	<b>86</b>
<b>Total provisions</b>	<b>6,036</b>	<b>5,928</b>	<b>6,036</b>	<b>5,928</b>
<b>Aggregate employee benefits and related on-costs</b>				
Provisions – current	5,951	5,842	–	–
Provisions – non-current	85	86	–	–
Accrued salaries, wages and on-costs (Note 9)	1,073	903	–	–
Payable to the Office of the EPA			7,109	6,831
	<b>7,109</b>	<b>6,831</b>	<b>7,109</b>	<b>6,831</b>

\* The value of employee benefits and related on-costs expected to be paid after 12 months is \$78,322 (2012: \$183,604).

\*\* The EPA's liabilities for long service leave are assumed by the Crown Entity. However the EPA has an obligation to meet the long service related on-costs.

## 12. Increase/decrease in net assets from equity transfers

Under the Public Sector Employment and Management (Office of the Environment Protection Authority) Order 2012 (the Order), staff and positions of the Air Policy Unit within OEH in (DPC) were transferred to the Office of the Environment Protection Authority (EPA). Assets assigned to the EPA by OEH were transferred to the EPA as at 1 July 2012.

	2013 \$'000
Increase in assets due to transfer of Air Policy functions	6
	<b>6</b>

### **13. Commitments for expenditure**

As at 30 June 2013, the EPA did not have any leasing commitments (operating or finance).

### **14. Contingent liabilities and contingent assets**

#### **Contingent liabilities**

##### **(a) Claims on the Treasury Managed Fund**

The EPA is a member of the NSW Treasury Managed Fund (TMF) self-insurance scheme. The Fund manages a number of civil claims against the EPA in relation to issues such as negligence and public liability. As at 30 June 2013 these included:

- A civil law suit for claim in relation to the impact of a water sharing plan on a property development.

It is not practical to estimate the financial effect of these claims. The EPA's insurable risk should adequately cover all these claims.

##### **(b) Other claims**

A civil law suit for claim seeking damages following clean-up of fire water.

Other than the above, the EPA is not aware of any significant or material contingent liability in existence at 30 June 2013 or which has emerged subsequent to this date, which may materially impact on the financial position of the EPA as shown in the financial statements.

#### **Contingent assets**

##### **(a) Treasury Managed Fund**

Apart from the civil claims managed by TMF disclosed above, there are no other known contingent assets at balance date.

### **15. Budget review**

**Net result: Net result of \$0.73m against the budget of (\$0.62m) – a variance of \$1.35m**

Major variances between the expected year end position and the original budget are:

- higher than budgeted expenses and revenues as a result of Waste and Environment Levy decisions and the transfer of Air Policy Programs from OEHL to the EPA
- lower than expected long service leave and associated on-costs following actuarial assessment.

**Net assets: Net assets of \$2.30m against the budget of \$4.12m – a variance of \$1.82m**

Current assets were higher than budget by \$4.95m, primarily due to higher than expected cash balance and receivables. Non-current assets, primarily plant and equipment were above budget by \$2.16m due to the higher than budgeted land and buildings, and the acquisition of equipment for coal seam gas programs.

Liabilities were higher than budget by \$8.93m, primarily due to higher than expected payables for voluntary redundancies and the Upper Hunter Air Quality Management Program, and higher than expected employee related provisions. Major variances between the expected year end position and the original budget are:

#### **Net cash**

Actual cash: \$6.70 million: variation of \$2.64m was primarily due to higher than budgeted payables.

## 16. Reconciliation of cash flows from operating activities to net result

	Consolidated		Environment Protection Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Net cash used on operating activities	1,169	2,320	1,169	2,320
Depreciation and amortisation	(288)	(279)	(288)	(279)
Contributed assets	–	–	–	--
Increase/(decrease) in receivables	2,407	146	2,407	146
Asset recognised first time	–	11	–	11
Decrease/(increase) in provisions	(108)	(5,928)	(108)	(5,928)
Decrease/(increase) in creditors	(2,451)	(4,104)	(2,451)	(4,104)
Net (gain)/loss on sale of plant and equipment	–	–	–	–
Net adjustments from equity transfer	–	3,356	–	3,356
<b>Net result</b>	<b>729</b>	<b>(4,478)</b>	<b>729</b>	<b>(4,478)</b>

## 17(a) Administered assets, liabilities and income

	2013 \$'000	2012 \$'000
<b>Administered assets</b>		
Receivables	3,109	4,310
Allowance for impairment	(625)	(275)
Cash	(4,448)	719
Remittance clearing	554,905	494,117
Accrued income	6,952	11,331
<b>Total administered assets</b>	<b>559,893</b>	<b>510,202</b>
<b>Administered liabilities</b>		
Creditors	7	0
<b>Total administered liabilities</b>	<b>7</b>	<b>0</b>
<b>Administered income</b>		
Pollution licences and approvals	47,320	51,036
Radiation licences	1,134	1,395
Other fees and licences	331	176
Waste-related levies and fees	479,633	430,752
Coal wash levy	16,536	17,659
Waste levy rebates	(1,137)	(1,948)
Fines	683	934
<b>Total administered income</b>	<b>544,500</b>	<b>500,004</b>

The above receipts were collected by the EPA on behalf of the Consolidated Fund. These are not included in the EPA's statement of comprehensive income. They are brought to account as revenue in the Treasurer's Public Accounts.

## 17(b) Administered income – debts written off

	2013 \$'000	2012 \$'000
Debts written off	34	34
	34	34

## 18. Financial instruments

The EPA's principal financial instruments are outlined below. These financial instruments arise directly from EPA operations or are required to finance these operations. The EPA does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The EPA's main risks arising from financial instruments are outlined below, together with EPA objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chair and the Chief Executive Officer has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the EPA, to set risk limits and controls, and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee/Internal auditors on a continuous basis.

### (a) Financial instrument categories

Financial assets	Notes	Category	Carrying amount 2013 \$'000	Carrying amount 2012 \$'000
<b>Class:</b>				
Cash and cash equivalents	5	N/A	6,700	5,844
Receivables*	6	Loans and receivables (at amortised cost)	1,881	–
Financial assets	Notes	Category	Carrying amount 2013 \$'000	Carrying amount 2012 \$'000
<b>Class:</b>				
Payables**	10	Financial liabilities measured at amortised cost	5,483	3,201

Notes:

\* Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

\*\* Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

### (b) Credit risk

Credit risk arises when there is the possibility of the EPA's debtors defaulting on their contractual obligations, resulting in a financial loss to the EPA. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the EPA, including cash, receivables and authority deposits. No collateral is held by the EPA. The EPA has not granted any financial guarantees.

Credit risk associated with the EPA's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

## Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate adjusted for a management fee to NSW Treasury.

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

## Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The EPA is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2013: \$Nil; 2012: \$Nil) and not less than one month past due (2013: \$3,554; 2012: \$Nil) are not considered impaired. Most of the EPA's debtors have a good credit rating. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

### (c) Liquidity risk

Liquidity risk is the risk that the EPA will be unable to meet its payment obligations when they fall due. The EPA continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The EPA's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the head of an authority (or a person appointed by the head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was 12.5% (2012: 12.5%)

The table below summarises the maturity profile of the EPA's financial liabilities, together with the interest rate exposure.

\$'000								
	Weighted average effective interest rate	Nominal amount*	Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 year	1-5 years	> 5 years
<b>2013</b>								
Payables		5,483	–	–	5,483	5,483	–	–
		5,483	–	–	5,483	5,483	–	–
<b>2012</b>								
Payables		3,201	–	–	3,201	3,201	–	–
		3,201	–	–	3,201	3,201	–	–

Notes:

\* The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the statement of financial position.

#### (d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The EPA's exposures to market risk are primarily through price risks associated with the movement in the unit price of the Hour-Glass Investment Facilities. The EPA has no exposure to foreign currency risk and does not enter into commodity contracts. The EPA has no borrowings.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which EPA operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2012. The analysis assumes that all other variables remain constant.

#### Interest rate risk

The EPA does not account for any fixed-rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The EPA's exposure to interest rate risk is set out below.

\$'000					
	Carrying amount	-1%		1%	
		Profit	Equity	Profit	Equity
<b>2013</b>					
<b>Financial assets</b>					
Cash and cash equivalents	6,700	(67)	(67)	67	67
Receivables	1,881	-	-	-	-
<b>Financial liabilities</b>					
Payables	5,483	55	55	(55)	(55)
<b>2012</b>					
<b>Financial assets</b>					
Cash and cash equivalents	5,844	(58)	(58)	58	58
Receivables	-	-	-	-	-
<b>Financial liabilities</b>					
Payables	3,201	32	32	(32)	(32)

#### (e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value.

The amortised cost of financial instruments recognised in the statement of financial position approximates fair value because of the short-term nature of the financial instruments.

#### 19. Events after the reporting period

The EPA is not aware of any circumstances that occurred after balance date which would render particulars included in the financial statements to be misleading.

### ***End of audited financial statements***

# OFFICE OF THE EPA FINANCIAL STATEMENTS

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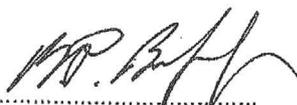
## OFFICE OF THE ENVIRONMENT PROTECTION AUTHORITY

### Financial Statements

**For the year ended 30 June 2013**

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, we state that:

- a) the accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the Public Finance and Audit Regulation 2010, and the Treasurer's Directions;
- b) the statements exhibit a true and fair view of the financial position and transactions of the Office; and
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Barry Buffler

Chair and Chief Executive Officer, EPA

17 September 2013



Chris Knoblanche

EPA Board Member

18 September 2013



## INDEPENDENT AUDITOR'S REPORT

### Office of Environment Protection Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Office of Environment Protection Authority (the Office), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information

#### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

My opinion should be read in conjunction with the rest of this report.

#### The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

My opinion does *not* provide assurance:

- about the future viability of the Office
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements

### **Independence**

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Caroline Karakatsanis  
Director, Financial Audit Services

23 September 2013  
SYDNEY

# BEGINNING OF AUDITED FINANCIAL STATEMENTS

## OFFICE OF THE ENVIRONMENT PROTECTION AUTHORITY Statement of Comprehensive Income for the year ended 30 June 2013

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
<b>Expenses excluding losses</b>			
Operating expenses			
Employee related	2	50,043	23,440
<b>Total expenses excluding losses</b>		<b>50,043</b>	<b>23,440</b>
<b>Revenue</b>			
Personnel services	3	50,043	23,440
<b>Total revenue</b>		<b>50,043</b>	<b>23,440</b>
<b>Net result</b>		<b>-</b>	<b>-</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>-</b>

*The accompanying notes form part of these financial statements.*

**OFFICE OF THE ENVIRONMENT PROTECTION AUTHORITY**  
**Statement of Financial Position**  
**for the year ended 30 June 2013**

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Receivable from EPA	6	7,109	6,831
<b>Total current assets</b>		<b>7,109</b>	<b>6,831</b>
<b>Total assets</b>		<b>7,109</b>	<b>6,831</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	4	1,073	903
Provisions	5	5,951	5,842
<b>Total current liabilities</b>		<b>7,024</b>	<b>6,745</b>
<b>Non-current liabilities</b>			
Provisions	5	85	86
<b>Total non-current liabilities</b>		<b>85</b>	<b>86</b>
<b>Total liabilities</b>		<b>7,109</b>	<b>6,831</b>
<b>Net assets</b>		<b>-</b>	<b>-</b>
<b>Equity</b>			
Accumulated funds		-	-
<b>TOTAL EQUITY</b>		<b>-</b>	<b>-</b>

*The accompanying notes form part of these financial statements.*

**OFFICE OF THE ENVIRONMENT PROTECTION AUTHORITY**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2013**

	Notes	Accumulated funds \$'000	Asset revaluation surplus \$'000	Total \$'000
Balance at 1 July 2012		-	-	-
Net result for the period		-	-	-
Other comprehensive income:				
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Transactions with owners in their capacity as owners				
Balance at 30 June 2013		-	-	-
Balance at 1 March 2012		-	-	-
Net result for the year		-	-	-
Other comprehensive income:				
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Transactions with owners in their capacity as owners				
Balance at 30 June 2012		-	-	-
Balance at 1 July 2013		-	-	-
Net result for the period		-	-	-

*The accompanying notes form part of these financial statements.*

**OFFICE OF THE ENVIRONMENT PROTECTION AUTHORITY**  
**Statement of Cash Flows**  
**for the year ended 30 June 2013**

	<b>Actual 2013 \$'000</b>	<b>Actual 2012 \$'000</b>
<b>Cash flows from operating activities</b>		
<b>Payments</b>		
Employee related	-	-
<b>Total payments</b>	-	-
<b>Receipt</b>		
Personnel services	-	-
<b>Total receipts</b>	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	-	-
<b>NET INCREASE/(DECREASE) IN CASH</b>	-	-
Opening cash and cash equivalents	-	-
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	-	-

*The accompanying notes form part of these financial statements.*

# OFFICE OF THE ENVIRONMENT PROTECTION AUTHORITY

## Notes to and forming part of the financial statement for the year ended 30 June 2013

### 1. Summary of significant accounting policies

#### (a) Reporting entity

The Office of the Environment Protection Authority (the Office) is a Division of the Government Service responsible to the Minister for the Environment established under the Public Sector Employment and Management (Office of the Environment Protection Authority) Order 2012.

The Office is a not-for-profit entity with the sole objective of providing personnel services to the Environment Protection Authority (EPA).

The Office is a controlled entity of the EPA. The Office is consolidated with the EPA and is part of the NSW total State Sector Accounts.

Apart from employee-related liabilities and provisions and corresponding receivable from the EPA, the Office does not have any other assets or liabilities under its control.

These financial statements were authorised for issue by the EPA Chair and EPA Chief Executive Officer on 18 September 2013.

#### (b) Basis of preparation

The Office's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the **Public Finance and Audit Act 1983** and Regulation
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Generally the historical cost basis of accounting has been adopted and the financial report does not take into account the time value of money or current valuation.

Judgements, key assumptions and the estimations that management have made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

#### (c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

#### (d) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

##### (i) Personnel services revenue

Revenue from EPA employee benefits and related on-costs is recognised in full when the services are provided.

## (e) Assets

### (i) Receivables

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount since the effect of discounting is immaterial.

### (ii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

## (f) Liabilities

### (i) Payables

These amounts represent liabilities for goods and services provided to the Office and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest are measured at the original amount since the effect of discounting is immaterial.

### (ii) Employee benefits and other provisions

#### **The Office provides personnel services to the EPA.**

### (a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

### (b) Long service leave and superannuation

The Office's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Office accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined on an actuarial review to approximate present value.

The defined benefit superannuation expense for the financial year is determined using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

#### **(g) Equity and reserves**

##### **(i) Accumulated funds**

The category 'Accumulated funds' includes all current and prior period retained funds.

#### **(h) Comparative information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative Information is disclosed in respect of the previous period for all amounts reported in the financial statements.

#### **(i) New Australian Accounting Standards issued but not effective**

NSW public sector entities are not permitted early adoption of new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective (NSW Treasury mandate TC 13/02).

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding Trans-Tasman Convergence – RDR
- AASB 2011-4 removing individual KMP disclosure requirements
- AASB 2011-6 regarding RDR and relief from consolidation
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-12 regarding Interpretation 20
- AASB 2012-1 regarding fair value measurement – RDR requirements
- AASB 2012-2 regarding disclosures – offsetting financial assets and financial liabilities
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2012-4 regarding government loans – first time adoption
- AASB 2012-5 regarding annual improvements 2009-2-11 cycle
- AASB 2012-7 regarding RDR
- AASB 2012-9 regarding withdrawal of Interpretation 1039
- AASB 2012-10 regarding transition guidance and other amendments
- AASB 2012-11 regarding RDR requirements and other amendments

These standards have been assessed for their possible impact on the financial statements, if any, in the period of their initial application. The assessment concluded that there will be no material impact.

## 2. Expenses excluding losses

### Employee related expenses

	2013 \$'000	2012 \$'000
Salaries and wages (including recreation leave)	40,368	14,214
Superannuation - defined benefit plans	1,196	382
Superannuation - defined contribution plans	3,017	1,246
Long service leave	1,309	4,554
Workers' compensation insurance	311	111
Payroll tax and fringe benefits tax	2,515	1,412
Other	1,327	1,522
	<b>50,043</b>	<b>23,440</b>

In 2011–12, personnel services of \$27,768,692 were provided to the EPA by the Department of Premier and Cabinet through the Office of Environment and Heritage (OEH) from 1 July 2011 till 28 February 2012.

## 3. Revenue

### Personnel services

	2013 \$'000	2012 \$'000
Personnel services to the EPA	50,043	23,440
	<b>50,043</b>	<b>23,440</b>

## 4. Current liabilities – payables

	2013 \$'000	2012 \$'000
Accrued salaries, wages and on-costs	1,073	903
	<b>1,073</b>	<b>903</b>

In 2011–12, personnel services of \$27,768,692 were provided to the EPA by the Department of Premier and Cabinet through OEH from 1 July 2011 till 28 February 2012.

## 5. Current/non-current liabilities – provisions

	2013 \$'000	2012 \$'000
<b>Current</b>		
<b>Employee benefits and related on-costs</b>		
Recreation leave*	3,892	3,835
Recreation leave on-costs*	448	365
Long service leave on-costs**	1,611	1,642
	<b>5,951</b>	<b>5,842</b>
<b>Non-current</b>		
Recreation leave*	-	-
Long service leave on-costs**	85	87
	<b>85</b>	<b>87</b>
<b>Total non current</b>	<b>85</b>	<b>87</b>
<b>Total provisions</b>	<b>6,036</b>	<b>5,929</b>
<b>Aggregate employee benefits and related on-costs</b>		
Provisions – current	5,951	5,842
Provisions – non-current	85	87
Accrued salaries, wages and on-costs	1,073	903
	<b>7,109</b>	<b>6,832</b>

\* The value of employee benefits and related on-costs expected to be paid after 12 months is \$323,295.

\*\* The EPA's liabilities for long service leave are assumed by the Crown Entity. However the EPA has an obligation to meet the long service related on-costs.

## 6. Current assets – receivables

	2013 \$'000	2012 \$'000
Receivable from the EPA	-	-
Accrued salary	1,073	903
Employee provisions	6,036	5,929
	<b>7,109</b>	<b>6,833</b>

**End of audited financial statements**

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