



Environmental  
Protection Authority  
*Te Mana Rauhi Taiao*

# Statement of Intent

For the years 2011–14





ENVIRONMENTAL PROTECTION AUTHORITY

# Statement of Intent

For the years 2011–14

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# Foreword

The Environmental Protection Authority (EPA) came into being on 1 July 2011 to assist in the management of New Zealand's environment by providing a consistent regulatory approach to a broad range of environmental issues. The new organisation was created by bringing together functions and staff from the Environmental Risk Management Authority, the Ministry for the Environment and the Ministry of Economic Development.

Naturally, a prime focus for the EPA over the next year will be to build an integrated organisation that is able to effectively fulfil its responsibilities under several pieces of environmental legislation. We recognise the importance of continuing to provide a high quality service to the public in relation to decisions concerning natural and physical resources; chemical and biological hazards; and the administration of the New Zealand emissions trading scheme, whilst building a new organisation. We will work to develop the culture and capability of the EPA, so that it is effective in carrying out its current duties and responsibilities, and capable of taking on any new functions that may be transferred to the EPA in the future.

Our goal is to build on the expertise of our staff to operate in a professional and transparent manner that enables our customers to achieve their goals, and reduce compliance costs, without harm to the environment. We will seek ways to reduce costs, by identifying synergies between activities and improving efficiency in our operations, so that we offer value

for money. We will also monitor fees and charges for applications, so that New Zealand can benefit from the economic and social benefits of the proposed applications, whilst protecting the environment.

As a new organisation, we will make a concerted effort to increase public understanding of changes in the environmental sector and the EPA's role in regulation and decision making. We will do this through the consolidation of the EPA website, continuing interaction with the Māori national network, and professional and industry bodies. We will seek opportunities to participate in relevant conferences, seminars and workshops both in New Zealand and overseas.

We believe that the EPA has a key role to play in the broad environment and resource management area. It will, therefore, be important for us to establish and consolidate relationships with the Minister, the Ministry for the Environment, other relevant government agencies, applicants and submitters. The special relationship between Māori and the environment is acknowledged by the support Ngā Kaihautū, the Māori Advisory Group, will provide to the EPA.

We are excited by the opportunities the EPA faces over the coming years to make a significant contribution to the wise use of New Zealand's natural resources. We are confident that the dedicated staff from the contributing organisations will come together to enable us to achieve our goals.



**Kerry Prendergast**

CHAIR ENVIRONMENTAL PROTECTION AUTHORITY

# Statement of Responsibility

The structure and content of this Statement of Intent follows the general requirements set out in the Crown Entities Act 2004. The focus of the Statement of Intent is on public accountability and providing a base against which our performance can be assessed.

The Board members and the management of the Environmental Protection Authority (EPA) are responsible for establishing and maintaining systems and processes that support high-quality decision-making and service delivery and provide reasonable assurance as to the integrity and reliability of financial reporting.

The performance to be achieved by the EPA for the year ending 30 June 2012, that is specified in this Statement of Intent, is as agreed with the Minister for the Environment, who is the Minister responsible for overseeing and managing the Crown's interests in the EPA.

The Board acknowledges responsibility for the preparation of this Statement of Intent, which reflects the strategic direction and forecast performance and financial position of the EPA for the financial years 2011–14.



**Kerry Prendergast**  
CHAIR ENVIRONMENTAL PROTECTION AUTHORITY

19 September 2011



**Richard Woods**  
DEPUTY CHAIR ENVIRONMENTAL PROTECTION AUTHORITY

19 September 2011

# Environmental Protection Authority roles and functions

The Environmental Protection Authority (EPA) was established as a Crown Agent under the Environmental Protection Authority Act 2011. The Act requires the EPA to:

- » contribute to the efficient, effective, and transparent management of New Zealand's environment and natural and physical resources; and
- » enable New Zealand to meet its international obligations.

When undertaking its functions under an environmental Act, the EPA must act in a way that furthers any objectives (or purposes) stated in respect of that Act.

The environmental Acts under which the EPA has powers, duties and functions are:

- » Hazardous Substances and New Organisms Act 1996;
- » Resource Management Act 1991;
- » Ozone Layer Protection Act 1996;
- » Imports and Exports (Restrictions) Act 1988 and Imports and Exports (Restrictions) Prohibition Order (No. 2) 2004; and
- » Climate Change Response Act 2002 (these functions will transfer to the EPA in January 2012).

The functions of the EPA, as set out in the Environmental Protection Authority Act, are to:

- » advise the Minister on any matter relating to its functions under this Act or an environmental Act;
- » exercise the powers, and carry out the functions and duties, conferred on it by or under this Act or an environmental Act; and
- » if requested by the Minister
  - provide technical advice to the Government and Crown entities on any matter related to its functions under an environmental Act;
  - provide administrative assistance (including secretarial services) to a person or group of people appointed by the Minister to provide advice or report on any matter related to its functions under an environmental Act; and
- » contribute to and co-operate with international forums and carry out international obligations related to its functions under an environmental Act.

The EPA is classified as a Crown Agent under the Crown Entities Act 2004. This means that it is required to give effect to government policy relating to its functions and objectives, if so directed.

## Overview of activities

The EPA has been operating as a Crown Agent since 1 July 2011.

Between 1 October 2009 and 30 June 2011, the EPA operated as a statutory office within the Ministry for the Environment, under the Secretary for the Environment. The EPA's functions during that period were mainly focused on proposals of national significance under the Resource Management Act (RMA). The statutory office has now been merged into the new Crown Agent.

The EPA has also taken over all the functions of the former Environmental Risk Management Authority and some functions from the Ministry of Economic Development.

The main functions of the EPA are:

- » Natural and physical resources:
  - nationally significant proposals under the Resource Management Act;
  - support for other resource management processes at a national level, including consideration of proposed national policy statements and proposed water conservation orders; and
  - technical input into the development of national environmental standards.
- » Chemical and biological hazards:
  - regulation of pesticides, fireworks, explosives and other hazardous substances;

- regulation of ozone-depleting substances, certain chemicals and hazardous waste controlled by international environmental agreements; and
- regulation of new organisms, including (amongst others) genetically modified organisms.
- » Administration of the New Zealand Emissions Trading Scheme (from January 2012):
  - New Zealand Emission Unit Register; and
  - allocation of New Zealand Units.

The Government expects the EPA to provide a consistent regulatory approach across the country and over a broad range of environmental issues. The EPA also provides advice on the implementation of government policy and environmental legislation and regulations.

We participate in and help represent New Zealand's interests in the work of international bodies dealing with chemicals regulations, chemicals governed by international conventions and ozone-depleting substances, hazardous substances, hazardous waste and new organisms.

Work will continue on Phase 2 of the establishment of the EPA during the early part 2011–12 year. The administration of the Emissions Trading Scheme (ETS) will become part of the new organisation in January 2012, with the inclusion of staff from the New Zealand Emission Units Register team (Ministry of Economic Development) and the Industrial Allocations team (Ministry for the Environment).

# Strategic direction

## ALIGNMENT WITH GOVERNMENT PRIORITIES

The Government's priorities are the tax system, public sector performance, education and skills, science innovation and trade, the regulatory environment, and productive infrastructure.

While, as a Crown Agent, the EPA is independent of the Minister, our work will be aligned with the Government's priorities. Our main contributions are in the regulatory environment, infrastructure development and public sector performance, as outlined in the table below.

The Minister for the Environment has set the following priorities for the EPA:

- » take a balanced approach that will enable New Zealand to utilise its natural resources for wealth creation and ensure proper environmental protection;
- » be conscious of the compliance costs imposed on business and infrastructure, as well as the need for restraint in the use of government funding;
- » develop an efficient, well-integrated and highly productive regulatory authority; and
- » develop resilience and the capacity to grow over time and to incorporate new functions, should Parliament decide that the EPA is the appropriate agency to take responsibility for them.

We intend to meet these expectations by:

- » continuing the process of establishing a strong EPA, with particular emphasis on our strategic direction, capability and methods of operating;

- » working constructively with the Ministry for the Environment and the Ministry of Economic Development to take on administration of the Emissions Trading Scheme and meet international requirements;
- » monitoring fees and charges against the pricing principles;
- » seeking ways to reduce costs by identifying synergies between activities and improving efficiency; and
- » developing the culture and capability of the organisation, so that it is well-integrated and effective in carrying out its duties and responsibilities and capable of taking on any new functions.

## STRATEGIC FRAMEWORK

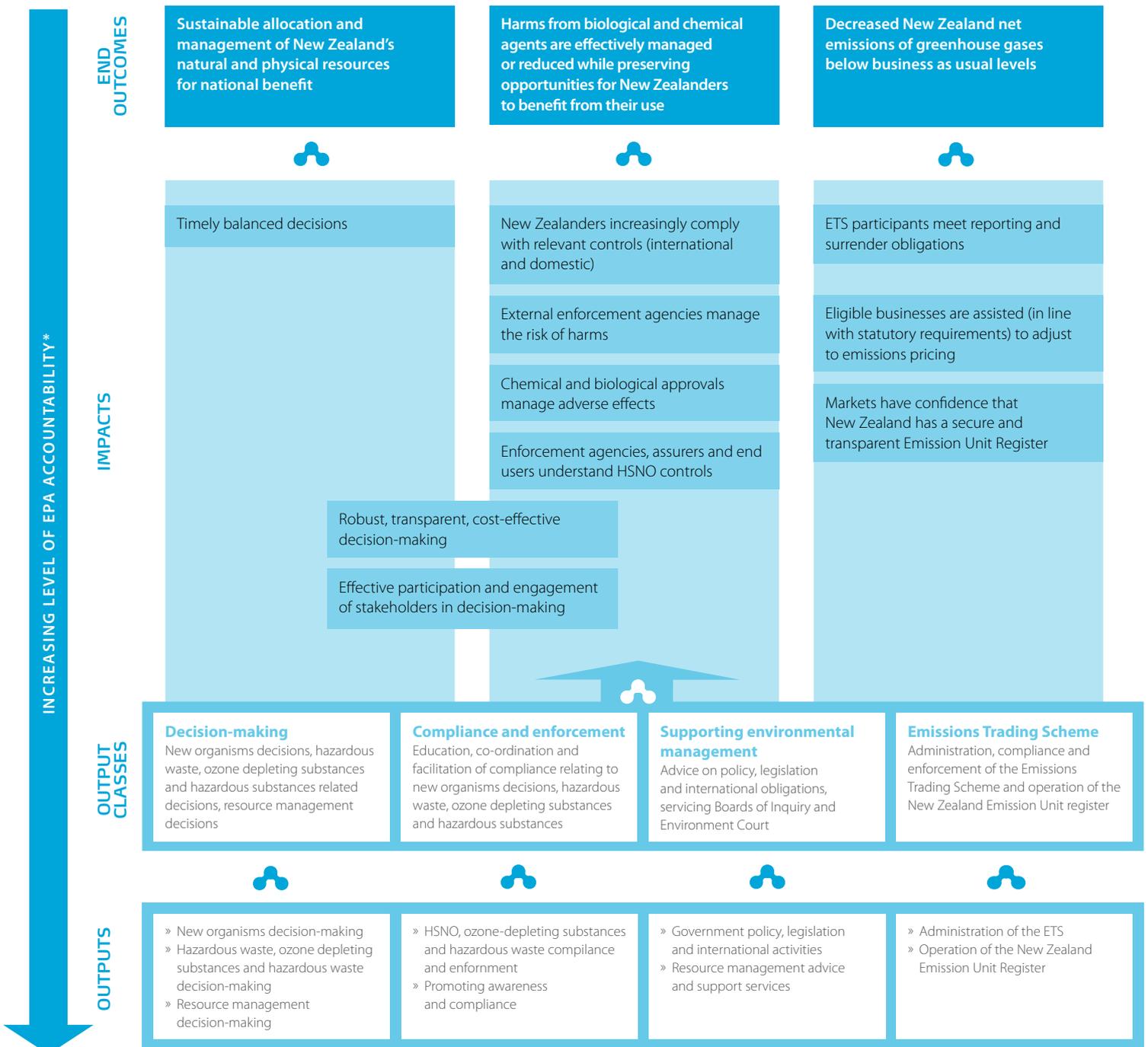
The EPA's overall role is to assist in the management of New Zealand's environment. We will do this by facilitating objective, balanced decision-making in an effective and cost-efficient manner. We will work independently, but co-operatively with other agencies, to ensure that the government's policy intent, legislative requirements and compliance elements of the wider environmental sector are aligned and used to support effective risk management.

The EPA outcomes will contribute to the outcomes in the wider environment and resource management sector, and are aligned with or complementary to the outcomes and impacts that MfE is seeking to achieve. We will continue to develop and refine the Outcomes Framework during the 2011–12 year.

Our objectives are reflected in the long term outcomes we seek to achieve as shown in the diagram on the next page.

Government priority	EPA contribution to Government priorities
Regulatory environment	High quality, transparent, timely, efficient and cost-effective decision-making on applications made to, or managed by, the EPA.
Boosting infrastructure	Contributing to the national economy by streamlining regulatory processes for nationally significant proposals, including those for roads, energy generation and other infrastructure.
Better, smarter public services	Organisational focus on improving productivity and finding synergies between functions to increase efficiency.

## OUTCOMES FRAMEWORK



\* EPA is one contributor to New Zealand's broad environmental goals

## Performance Indicators

OUTCOME/IMPACT	INDICATOR	TARGET/TREND
Sustainable allocation and management of New Zealand's natural and physical resources for national benefit	<p><i>Measures for this outcome have not been set at this time. The relevant data is not generated by the EPA. Data from third parties, such as local government, may be available but would require considerable collation and analysis to provide a meaningful measure.</i></p> <p><i>Work to enable the EPA to set a measure will be undertaken for the next Statement of Intent</i></p>	
Harms from biological and chemical agents are effectively managed or reduced while preserving opportunities for New Zealand to benefit from their use	Number of HSNO applicants who agree/strongly agree that approvals are preserving or enhancing opportunities to benefit from the use of chemical and biological agents	Increasing – upward trend
	Number of serious harm injuries, fatalities, and catastrophic events resulting from use of HSNOs	Reducing – downward trend
	Number of EPA approved organisms that become a pest, weed or disease	Target = No EPA approved organism becomes a pest, weed or disease
New Zealand's net greenhouse emissions reduced below business as usual levels	<p><i>Measures for this outcome have not been set at this time.</i></p> <p><i>Further work is required as the ETS function prepares to move into the EPA</i></p>	
New Zealanders increasingly comply with relevant controls and conditions (international and domestic)	Number of new organism critical compliance failures	Reducing – downward trend
	Percentage of hazardous substance inspections that result in compliance orders	Reducing – downward trend
Timely, balanced decisions are received	Decisions made within statutory timeframes	<p>100% of all HSNO decisions made within statutory timeframes</p> <p>100% of all NSP decisions made by a Board of Inquiry within 9 months, unless granted a Ministerial extension</p>
	Percentage of stakeholders involved in HSNO and NSP decision-making who consider the thoroughness of decisions in addressing risks, costs and benefits as quite/very good to excellent	<p>Target = 60% HSNO applicants</p> <p>Target = 50% HSNO submitters</p> <p>New measure: Target = 50% NSP applicants</p> <p>New measure: Target = 50% of NSP submitters</p>
ETS participants meet reporting and surrender obligations	<p>Measures for this outcome have not been set at this time. Further work is required as the ETS function prepares to move into the EPA.</p>	
Decision-making processes are robust, transparent and cost-efficient	Cost recovery targets for NSP and HSNO decision-making are met or exceeded	<p>Target = average cost recovery of staff costs for NSP applications is 50% or higher</p> <p>Target = average cost recovery for HSNO applications is 20% or higher</p>
	Number of HSNO or NSP decisions overturned on judicial review on a matter of process	Target = No decisions overturned on a matter of process
	Percentage of cost objections received re NSP resulting in a decrease in costs	Target = < 20% of cost objections received result in reductions in costs paid
	Percentage of stakeholders involved in HSNO decision-making who rate the robustness and transparency of decision making as very good to excellent	<p>Target = 85% HSNO applicants</p> <p>Target = 60% HSNO submitters</p>
	Percentage of stakeholders involved in NSP decisions regard the communications flow around processes as very good or excellent	<p>Target = 80% NSP applicants</p> <p>Target = 70% NSP submitters</p>

## Strategic direction

OUTCOME/IMPACT	INDICATOR	TARGET/TREND
External enforcement agencies manage the risk of harms	Evaluative approach describing a series of EPA projects or interventions that have resulted in reduced harm in key areas (may be referred to as Reduced Harm Narratives)	Reduced harm narratives draw upon quantitative and qualitative data to illustrate how effective controls and compliance co-ordination strategies used by EPA have enabled enforcement agencies to manage and reduce risk and harms resulting from approvals to use chemical and biological hazards
Eligible businesses are assisted (in line with statutory requirements) to adjust to emissions pricing	Measures for this outcome have not been set at this time. Further work is required as the ETS function prepares to move into the EPA.	
Enforcement, assurance agencies and end users understand HSNO controls	Number of compliance-related enquiries addressed through single contact with EPA	New measure: stable or increasing trend
	Percentage of users of EPA information, advice and guidance who need to make repeated contact with EPA to clarify a single compliance-related enquiry	New measure: reducing trend
Māori, communities and other stakeholders effectively participate and engage in decision-making	Representation of multiple interest groups (e.g. Māori National Network participants, industry, community and environmental groups) in decision-making	No decline in the representation of relevant interest groups (e.g. Māori, industry, community and environmental groups) in decision-making processes without good reason
	Percentage of submitters in HSNO and NSP decision-making processes who feel their views have been taken into account somewhat, quite a lot, or fully	Target = 60% of all HSNO submitter groups (HS, NO, Māori National network members) New measure: Target = 50% of all submitter groups involved in one NSP per year
Chemical and biological approvals manage adverse effects	Evaluative approach describing a collection of instances of reduced harm (reduced harm narratives) resulting from EPA's role in facilitating and co-ordinating enforcement and setting /reviewing safety controls	Reduced harm narratives draw upon quantitative and qualitative data to illustrate how effective controls and compliance co-ordination strategies used by EPA have enabled enforcement agencies to manage and reduce risk and harms resulting from approvals to use chemical and biological hazards
	Percentage of all HSNO applicants who consider that the controls placed on their approval are quite to very reasonable	Target = 60 % of all HSNO applicant groups (HS, NO, and Certification applicants)
Markets have confidence that New Zealand has a secure and transparent Emission Unit Register	Measures for this outcome have not been set at this time. Further work is required as the ETS function prepares to move into the EPA.	

# Legislative and operating environment

## RELEVANT LAWS AND REGULATIONS

The Crown Entities Act 2004 establishes the accountability framework under which Crown entities are expected to operate. The EPA Board is responsible for ensuring that the EPA meets its obligations under the Crown Entities Act, the Environmental Protection Authority Act and other relevant legislation.

The EPA has functions, duties and powers under a number of environmental Acts, as outlined below.

### Hazardous Substances and New Organisms Act 1996

The purpose of the Hazardous Substances and New Organisms (HSNO) Act is “to protect the environment, and the health and safety of people and communities, by preventing or managing the adverse effects of hazardous substances and new organisms”.

The EPA’s main function is to consider applications for approval of hazardous substances and new organisms. In the hazardous substances area we also approve test certifiers and equipment, issue controlled substances licences, and approve compliance plans.

Hazardous substances and new organisms are important to New Zealand’s economy and communities. Our role is to ensure that, if introduced, they can be used safely.

We manage the risks associated with hazardous substances and new organisms through assigning controls or conditions to the approvals. In some cases, when the risk cannot be managed appropriately, we either decline an application (for a new substance or organism) or remove the approval through the reassessment process.

### Delegations

The Board has delegated specific functions, powers and duties to the following parties.

- » The HSNO Decision-making Committee has delegated decision-making powers relating to applications made under the Hazardous Substances and New Organisms Act 1996.
- » The Chief Executive of the EPA is authorised to make decisions on a range of application categories. From time to time, the Board also delegates specific decision-making powers to staff.
- » Institutional Biological Safety Committees (IBSCs) in academic and research institutions and within industry are authorised to undertake decision-making functions for applications related to low-risk genetically modified organisms in containment.
- » The Department of Conservation is authorised to grant permissions for the use of controlled substances, in particular vertebrate toxic agents.
- » The Ministry of Health is authorised to grant permissions for the use of controlled substances, in particular vertebrate toxic agents, and to approve the continued storage and handling of polychlorinated biphenyls.
- » The Liquid Petroleum Gas Association of New Zealand is authorised to approve test certifiers for the purpose of issuing approved filler test certificates for compressed gas containers.

### Imports and Exports (Restrictions) Act 1988 and Prohibition Order (No.2)

The Import and Export (Restrictions) Prohibition Order (No.2) enables New Zealand to meet its obligations under the following international agreements:

- » Stockholm Convention on Persistent Organic Pollutants;
- » Rotterdam Convention on the Prior Informed Consent for Certain Hazardous Chemicals and Pesticides in International Trade;
- » Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; and

## Legislative and operating environment

- » Waigani Convention (Convention to Ban the Importation into Forum Island Countries of Hazardous and Radioactive Wastes and to Control the Transboundary Movement and Management of Hazardous Wastes within the South Pacific Region).

These conventions impose requirements on New Zealand to control certain chemicals and hazardous wastes that are considered to pose a risk to people and the environment, and to provide information to other parties to these conventions.

We make decisions on import and export permits for these chemicals and hazardous wastes, which are controlled by international conventions. The Board has delegated these decision-making powers to staff.

### Ozone Layer Protection Act 1996

New Zealand's commitments under the Montreal Protocol on substances that deplete the Ozone Layer are contained in the Ozone Layer Protection Act 1996 and the Ozone Layer Protection Regulations 1996. These prohibit the import, manufacture, sale or export of ozone-depleting substances, except as allowed under the regulations. There is provision for exemptions for essential uses.

We make decisions on applications for permits for the import and export of ozone-depleting gases. The Board has delegated these decision-making powers to staff.

### Resource Management Act 1991

The Resource Management Act is the main legislation used to manage impacts on the New Zealand environment by promoting the sustainable management of natural and physical resources.

Unless an activity is expressly permitted by the Act, a resource consent, a notice of requirement or permitted activity status in a regional or district plan is required before the activity can legally proceed.

Plan development and applications for resource consents and notices of requirement are generally dealt with by regional, city or district councils. Conditions may be set to reduce the environmental effects of any activity granted a resource consent or notice of requirement.

Amendments to the RMA in 2009 established a national function for allowing for plan development, designations and consents outside of normal local government frameworks. These amendments were intended to streamline the decision-making process for major infrastructure or public works.

Applications related to proposals of national significance are managed by the EPA but we do not make the decisions. If the Minister decides the applications are nationally significant, decisions on these applications are made by an independent Board of Inquiry appointed for that purpose, or by the Environment Court.

### Climate Change Response Act 2002

The Climate Change Response Act 2002 puts in place a legal framework to allow New Zealand to meet its obligations under the United Nations Framework Convention on Climate Change and the Kyoto Protocol.

The Climate Change Response Act established the New Zealand Emissions Trading Scheme, which is an important part of New Zealand's approach to meeting its international obligations. The purpose of the ETS is to reduce the amount of greenhouse gases emitted in New Zealand by attaching a cost to the emission of such gases during certain activities.

From January 2012, the EPA will manage the day-to-day administration of the ETS. This includes operation of the New Zealand Emission Unit Register (NZEUR) which records holdings, transfer and surrender of units.

The EPA will also manage allocation of New Zealand units to emissions-intensive, trade-exposed activities.

Allocation is designed to assist eligible entities to manage the increased costs faced as a result of the ETS while they make the necessary changes to reduce their energy dependency and adjust to emissions pricing.

The EPA will be the main compliance and enforcement agency for the ETS, responsible for verifying that participants are complying with the scheme. The EPA will work closely with the Ministry of Agriculture and Forestry, which will continue to have delegated responsibility for forestry and agricultural activities. The Ministry for the Environment will maintain its role in relation to the development of climate change policy.

## MINISTERIAL CONSULTATION AND REPORTING

### Hazardous Substances and New Organisms Act

The Minister for the Environment may decide on the outcome of an application made under the HSNO Act, if the Minister considers that the decision on the application will have:

- » significant cultural, economic, environmental, ethical, health, international, or spiritual effects; or
- » significant effects in an area in which the EPA lacks sufficient knowledge or experience.

The Minister may not direct the EPA in relation to the exercise of any power, duty, or function relating to group standards, or to the assessment of applications relating to hazardous substances, or new organisms (except as noted above).

The EPA does not intend to consult the Minister for the Environment on any HSNO Act matters before making a decision.

### Resource Management Act

The Minister for the Environment may call in any application made to consent or designate an activity under the Resource Management Act to a local authority, if the Minister considers that the proposal is nationally significant. Though the Act does not define 'national significance', there are ten factors of national significance that the Minister may, in relation to any other factor, consider in determining a proposal nationally significant.

If the Minister calls in a proposal that has been lodged with a local authority or decides that an application lodged with the EPA is nationally significant, it will be referred to an independent Board of Inquiry (appointed by the Minister) or to the Environment Court, for consideration and decision. Draft decisions are provided to the Minister since the Minister has the same powers to comment on draft decisions as any other party to the matter.

Neither an independent Board of Inquiry nor the Environment Court will consult the Minister about its decision.

### Ozone Layer Protection Act

The Minister's powers, under the Act, relate to developing codes of practice and the accreditation of businesses handling ozone depleting substances. The Minister must undertake a review at least every two years to consider whether the prescribed reduction timetables are appropriate given the technology available, and produce an annual report. The Minister also has to publish wholesale permits and exemptions under the regulations associated with the Act.

There is no requirement for the EPA to consult the Minister for the Environment on any Ozone Layer Protection Act matters before making a decision.

### **Imports and Exports (Restrictions) Act 1988 and Prohibition Order (No.2)**

The Minister has no powers beyond making new regulations.

There is no requirement for the EPA to consult the Minister for the Environment on any imports and exports matters before making a decision.

### **Climate Change Response Act 2002**

The EPA does not intend to consult the Minister for Climate Change Issues or the Minister of Finance on any operational ETS matters before making a decision.

There are relationships with the Minister of Finance and the Minister of Climate Change Issues within the Climate Change Response Act 2002 which will be observed by the EPA. For example, both Ministers can direct the Chief Executive or the Registrar to do things or to provide information.

The Minister of Finance may, on behalf of the Crown, direct the Registrar regarding Crown accounts in the New Zealand Emission Unit Register and the issuing, trading or transfer of emissions units. For the purposes of managing the Crown's holding of units and discharging New Zealand's obligations, the Minister of Finance may also direct the Registrar to provide information about how many units the Crown holds and transactions involving Crown emissions units. The Registrar must give effect to the Minister's directions.

The Minister of Climate Change Issues may give general directions to the EPA in relation to its exercise of powers or performance of functions under the Climate Change Response Act 2002. Such directions will be published in the Gazette.

### **Regular reporting to the Minister**

After the end of each quarter, the EPA will provide the Minister with a report which will present an overview of that quarter's performance. It will outline any issues or risks that we are dealing with and recommend changes to our work programme where these are considered necessary.

We will report monthly to our monitoring department, the Ministry for the Environment, in accordance with an agreed monitoring plan. The Ministry will advise the Minister of any concerns.

## **THE OPERATING ENVIRONMENT**

### **Changes in the environment sector**

The establishment of the EPA is the most significant change in the environment sector of government for some years. The Government expects the EPA to consolidate similar technical and regulatory skills within one organisation, bringing a consistent regulatory approach.

The organisations that formerly provided a range of approvals, permits, information and advice on a range of environmental matters no longer carry out these functions or, in the case of ERMA, no longer exist. That creates a need to communicate effectively with customers and stakeholders and to make the transition as straightforward as possible for them.

Over the period covered by this Statement of Intent there will be an emphasis by the EPA and other environmental agencies on increasing public understanding of the changes in the environment sector and the EPA's role in regulation and decision-making.

We will also work to establish and consolidate relationships with other government agencies concerned with environmental and resource management matters.

## Economic situation

The Government is focused on building confidence in the New Zealand economy by improving economic growth and by reducing public sector expenditure, while improving services. The Government has set out its expectation that the state sector will become more productive, efficient and cost-effective.

The EPA will be prudent in its management of the funding provided, seeking efficiencies and improved productivity. As directed by the Minister in his letter of expectations to the Chair, we plan to benchmark our operations against other Crown entities to ensure that we are efficient in delivering the functions of the EPA and providing services to the public.

## ENGAGEMENT WITH STAKEHOLDERS

Consultation with our stakeholders is undertaken through both formal and informal mechanisms. Members of the public may make submissions on applications for nationally significant projects and publicly notified applications under the HSNO and Resource Management Acts. The EPA will also engage with participants in the ETS and entities carrying out activities eligible for industrial allocation, through both formal processes and informal engagement, to ensure that eligible entities know they can apply for an industrial allocation.

More generally, we consult stakeholders about our activities through hui, workshops, and meetings.

During the process of establishing the EPA, particular attention was given to communications with customers, suppliers and stakeholders who were accustomed to dealing with the three government agencies whose functions transferred to the new Crown Agent. We will continue to put a significant effort into ensuring that local government, iwi, businesses, research institutions

and community organisations understand the role and functions of the EPA and where to seek help, advice and information.

## IWI/MĀORI ENGAGEMENT AND PARTICIPATION

The EPA has a Māori Advisory Committee to provide advice and assistance. This committee, Ngā Kaihautū Tikanga Taiao, is building on the success of the Māori Committee that advised ERMA.

In addition, both the Resource Management and the HSNO Acts require those exercising functions, powers and duties to take into account the relationship of Māori and their culture and traditions with their ancestral lands, water, sites, wāhi tapu, valued flora and fauna, and other taonga. The EPA will facilitate opportunities for Māori to participate in these processes.

In order to meet these obligations, ERMA and the Ministry for the Environment have developed their engagement with iwi/Māori over a number of years. This effort will be continued by the EPA. We have a protocol for incorporating Māori perspectives in making decisions on the approval of new organisms and hazardous substances.

## KEY PARTNERSHIPS

### Policy and monitoring department

The Ministry for the Environment is responsible for advising the Government on environmental management, including the environmental Acts under which the EPA operates and regulations established under these Acts. Our operational experience is an important practical input into the Ministry's advice to the Government about fine-tuning the regulatory framework.

The Ministry is also the monitoring department for the EPA.

## Legislative and operating environment

The EPA will work closely with the Ministry to ensure that we are aligned with the priorities of the Minister and the Government and to agree on a monitoring plan. We will adopt a 'no surprises' approach that ensures the Minister and the Ministry are kept fully informed. In particular, we will provide regular updates to the Ministry on any potential issues that may be controversial or cause public comment.

### Enforcement agencies

A number of agencies have responsibilities, either directly under the one of the environmental Acts or through delegation from the EPA.

The following agencies are responsible for enforcing the HSNO Act:

- » **Ministry of Agriculture and Forestry** for new organisms;
- » **Department of Labour** in any workplace;
- » **Ministry of Economic Development** (through Energy Safety) in, on, at or around any gas distribution system, gas installation or gas appliance;
- » **Ministry of Health** when it is necessary to protect public health;
- » **Civil Aviation Authority, New Zealand Transport Agency, Maritime New Zealand, and the New Zealand Police** in, on, or at any form of transport, including aircraft or aerodromes, motor vehicles, roads, rail service vehicles or railway lines, and ships; and
- » **Territorial authorities** in or on any of the premises in the district of the territorial authority other than those premises specified above, or in or on those premises specified above where the responsible agency transfers the function, power or duty to them.

The following agencies have responsibilities under the Resource Management Act:

- » **Regional councils and Territorial Authorities** may enforce the Act in the course of enforcing the provisions of the Resource Management Act 1991, or if the responsible agency transfers the function, power or duty to them.

The following agency has responsibilities under the Ozone Layer Protection Act and the Imports and Exports (Restrictions) Act:

- » **New Zealand Customs Service** has an operational role in coordinating and managing compliance and enforcement in relation to these Acts jointly with the EPA.

The following agency has responsibilities under the Climate Change Response Act 2002:

- » **Ministry of Agriculture and Forestry** in respect of forestry and agriculture activities under the ETS.

### Agencies with associated regulatory and advisory roles

We co-ordinate our activities with other agencies, including:

- » **Department of Labour** which administers the Health and Safety in Employment Act 1992;
- » **Department of Conservation** which the EPA notifies and seeks comments from about all new organism applications, as well as hazardous substance applications likely to be of interest (including applications for the use of a hazardous substance in a special emergency); also has responsibilities via the Minister of Conservation when EPA applications for nationally significant proposals are lodged in the coastal marine area;
- » **Ministry for the Environment** in relation to National Environmental Standards, Water Conservation Orders, ETS, HSNO and RMA matters and international protocols (including National Environmental Standards and Water Conservation Orders) and international protocols;

- » **Ministry of Agriculture and Forestry** which administers the Biosecurity Act 1993 and has delegated responsibility for forestry and agricultural activities under the ETS;
- » the **New Zealand Food Safety Authority**, which regulates and registers agricultural compounds and veterinary medicines under the Agricultural Compounds and Veterinary Medicines Act 1997, as well as regulating pesticide residues in food under the Food Act 1981;
- » **Ministry of Foreign Affairs and Trade** to ensure domestic activities are consistent with the Cartagena Protocol on Biosafety, the Rotterdam, Stockholm, Basel and Waigani Conventions, and other ongoing international relationships and issues;
- » **Ministry of Health** for medicines that contain new organisms or are new organisms under the Medicines Act 1981 (the medicines themselves are excluded from the HSNO Act);
- » **Ministry of Justice**, which is responsible for court and tribunal services, including the Environment Court;
- » **Ministry of Science and Innovation** which oversees the Government's research and innovation policies and biotechnology strategy;
- » **Ministry of Consumer Affairs** on imported articles that contain hazardous substances;
- » **New Zealand Transport Agency** regarding proposals for the development of nationally significant transport infrastructure;
- » **Food Standards Australia New Zealand** for food labelling and aspects of the assessment of any genetically modified organisms in food;
- » **Standards New Zealand**, through the development of standards that support the effective management of hazardous substances and new organisms; and
- » **Territorial authorities and regional councils**, regarding nationally significant proposals under the Resource Management Act 1991, resource consents, and enforcement actions which may relate to hazardous substances and new organisms.

## Legislative and operating environment

The following diagram illustrates the relationship between the EPA and other agencies.



# The organisation and its capability

## GOVERNANCE

The EPA has between six and eight members appointed by the Minister for the Environment. The Board is responsible for the governance of the organisation, including setting the strategic direction and monitoring performance. It is also responsible for the statutory functions set out in legislation, some of which are delegated to Board committees or the Chief Executive.

The Board members are: Kerry Prendergast (Chair), David Faulkner, Anake Goodall, Tim Lusk, Graham Pinnell, Taria Tahana, Richard Woods and Gillian Wratt.

The Board meets at least every two months to carry out governance functions and deal with major issues. Out of session decisions are held as required. The Board has delegated a range of powers to committees.

### Committees

The EPA is supported and advised by two key committees, the Māori Advisory Committee (Ngā Kaihautū Tikanga Taiao) and the Hazardous Substances and New Organisms Committee.

### Ngā Kaihautū Tikanga Taiao

The Environmental Protection Authority Act requires the EPA to appoint a Māori Advisory Committee of four to eight members. This committee provides advice and assistance from a Māori perspective on matters relating to policy, process and decisions of the EPA under environmental Acts.

### HSNO Committee

With the approval of the Minister, the Board has appointed a HSNO Committee of seven members. The Board has delegated to this committee the power to hear and make decisions on applications.

### Board committees

The Board has appointed two standing committees to assist it in carrying out its governance responsibilities.

These are:

- » Audit and Risk Committee which oversees the accountability processes and financial and organisational risk matters; and
- » Performance Review and Remuneration Committee which monitors the Chief Executive's performance and approves salaries for senior staff members.

## ORGANISATIONAL STRUCTURE AND CAPABILITY

The staff of the EPA support the Board in carrying out its statutory functions and are responsible for delegated decision-making in a number of areas. The organisation is structured into seven divisions, each of which is led by a general manager. They are:

- » Corporate Services
- » ETS Operations
- » Hazardous Substances
- » Kaupapa Kura Taiao
- » Nationally Significant Proposals
- » New Organisms
- » Strategy

### Developing organisational capability

Over the next few years the EPA will be strongly focused on ensuring it has the capability, capacity and business systems to carry out its statutory functions and meet the expectations of the Government. The EPA will focus on the following priorities:

- » ensuring infrastructure and resourcing adequately support business functions;
- » developing new internal policies and reviewing policies it has inherited;

## The organisation and its capability

- » ensuring that recruitment, training and remuneration are appropriate to attract and retain skilled, flexible, efficient and knowledgeable staff;
- » building capability and capacity to enable the EPA to incorporate additional functions in the future;
- » integrating operational activities where possible and seeking productivity gains;
- » engaging with stakeholders; and
- » monitoring progress, managing risks and responding to change.

### How we will measure progress with organisational health and capability

The organisational health and capability of the EPA in large part depends on the development of the staff. We will monitor the following areas to measure our progress.

- » Staff development and performance plans will be in place and reviewed regularly.
- » Individual training needs will be assessed and programmes put in place.
- » Leadership training initiatives will be in place.
- » External salary comparisons will be conducted regularly and adjustments made as required.
- » Recruitment activity, trends, and time to fill vacancies will be reported.
- » Responses to entry and exit surveys will be reviewed and recommendations for improvements implemented where feasible.

We will also monitor progress with the development of policies and productivity gains.

### Good employer obligations

The EPA recognises that, to effectively deliver services, we require a productive and diverse workforce. We will monitor our activities in the following areas.

### Leadership, accountability and culture

- » Ensure that the vision developed for the new organisation articulates commitment to equality and diversity.
- » The leadership team encourages the development of a culture that is supportive and equitable for all staff.
- » Encourage the development of a learning culture that will enhance the EPA's performance while supporting the aspirations of the staff.

### Recruitment, selection and induction

- » Ensure the continued use of robust and transparent recruitment and selection processes.
- » Use innovative channels to attract diverse applicants.
- » Monitor candidate and workforce demographics in relation to age, ethnicity, gender and disability.

### Employee development, promotion and exit processes

- » EPA will provide equal access to personal development and promotional activities.
- » Our performance management practices will be transparent and fair.
- » Staff will have the opportunity to complete a confidential exit survey.

### Flexibility and work design

- » Work towards an organisation-wide flexible work programme to recognise the needs of parents and other care givers.
- » Provide facilities for the use of parents.

### Remuneration, recognition and conditions

- » Continue to provide transparent, equitable and gender neutral job evaluation processes.
- » The remuneration system will be reviewed regularly.

### Harassment and bullying prevention

- » Relevant policies and the code of conduct will be promoted to staff.
- » Managers and staff are trained in their responsibilities.
- » The leadership team ensures that there is zero tolerance of harassment and bullying.

### Safe and healthy environment

- » Create an environment that supports employee participation in health and safety.
- » Take a pro-active approach to employee health and well-being.
- » Staff will have easy access to the Employee Assistance Programme.

Our human resources policies will reflect these commitments and our progress will be reported to the Human Rights Commission annually.

## TECHNOLOGY AND ASSETS

### Information technology

The EPA has been able to utilise the systems built up by ERMA as the foundation of its IT environment. The changes required to service the new organisation were achieved in a timely manner using existing equipment.

We are confident that we will be able to continue to deliver efficiencies in the IT area as new requirements arise as the organisation matures.

The new website developed by ERMA in early 2011 has been successfully rebranded at a high level. Work will continue during 2011–12 to migrate all the material from the various predecessor websites into a fully integrated EPA site.

### Information management

We must ensure that we meet the requirements of the Public Records Act 2005 and the Official Information Act 1982, by providing appropriate responses to all requests within a statutory timeframe. We will use our electronic document and records management system and paper records, to ensure that information is in an easily searchable system and that we retain and archive important documents.

We will ensure that all records transferred into the EPA from the legacy organisations are managed appropriately.

### Capital asset management

The EPA will manage its capital programme in line with the funding provided for capital costs. This funding includes a specific appropriation of \$3.1 million for transitional capital costs in relation to information and communications technology systems and accommodation and facilities, as well as the transferred net assets of the Environmental Risk Management Authority.

## ORGANISATIONAL RISK MANAGEMENT

The EPA's risk management focus in 2011–12 will be on financial performance and ensuring that we have the capacity and capability to deliver the services required.

### Financial

In establishing the EPA, there was a need to forecast likely costs and revenue to be earned through fees and charges. **Some financial assumptions had to be made, based on the best available information.**

The Board and the Ministry for the Environment will closely monitor the EPA's financial situation in the first year so that any necessary adjustments can be made.

### Capability and capacity

The functions transferring to the EPA in 2011–12 are at varying levels of maturity.

Activities in relation to hazardous substances, new organisms, ozone-depleting substances, and chemicals and waste subject to international conventions are well established. The likely demands and costs can be predicted with reasonable certainty.

However, other functions are still, to some extent, in development.

While experience has been gained with major resource management applications of national significance, the expected level of demand in future is less clear. As managing each new application is a significant project, we will monitor the 'pipeline' of expected applications to ensure that the EPA has the capacity and capability to respond within statutory timeframes.

The EPA must prepare to take on the administration of the ETS in January 2012. The scheme must operate efficiently and cost-effectively to meet international requirements and minimise operational and reputational risk.

On 16 May 2011, Cabinet agreed to develop legislation to manage environmental effects in the Exclusive Economic Zone and Extended Continental Shelf and that the EPA would be responsible for consenting, monitoring and enforcement. The intention is for the Bill to be passed by 1 July 2012. The Government expects the EPA to work constructively with the Ministry for the Environment to prepare to take on these new functions.

# What we will deliver in 2011–12

## OPERATIONAL FOCUS IN 2011–12

In 2011–12, our focus will be on maintaining a seamless transition of functions and services for our customers, from the agencies that have formed the EPA. The following priorities for the year recognise that this is a transitional period which requires a continuing focus on aspects of establishing the new Crown Agent:

- » building the culture and capability of the new organisation;
- » securing appropriate accommodation for all staff;
- » identifying synergies between activities within the new organisation to achieve efficiency and to collaborate with Ministry for the Environment in this area;
- » developing the capacity to incorporate new functions in the future should Parliament decide this is appropriate;
- » building relationships in the environmental management sector;
- » ensuring that the day-to-day operations of the EPA continue to be delivered to a high standard; and
- » integrating the ETS function in January 2012.

## STATEMENT OF FORECAST SERVICE DELIVERY PERFORMANCE FOR 2011–12

The EPA is funded through a mix of Crown funding and third party revenue. Crown funding is provided through two non-departmental appropriations.

Functions related to resource management, hazardous substances, new organisms, ozone-depleting chemicals and hazardous waste are funded through Vote Environment by the multi-class output appropriation Environmental Protection Authority: Regulatory Functions (MCOA).

The output classes within the appropriation are:

- » decision-making;
- » compliance and enforcement; and
- » supporting environmental management.

Administration of the ETS and operation of the New Zealand Emission Unit Register will be funded through an appropriation in Vote Climate Change.

The output class within this appropriation is:

- » Emissions Trading Scheme.

**Table 1**  
**Forecast statement of appropriations**

OUTPUT APPROPRIATION	FORECAST 2011–12 GST EXCL \$000	FORECAST 2012–13 GST EXCL \$000	FORECAST 2013–14 GST EXCL \$000
Environmental Protection Authority: regulatory functions MCOA			
Decision-making output class	6,428	6,428	6,428
Compliance and enforcement output class	3,252	3,252	3,252
Supporting environmental management output class	4,920	4,920	4,920
<b>Total multi class output appropriation for Environmental Protection Authority: regulatory functions MCOA</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>
Administration and operation of Emissions Trading Scheme *	3,447	6,893	6,893
EPA transitional costs	2,000	-	-
<b>Total</b>	<b>20,047</b>	<b>21,493</b>	<b>21,493</b>

\* Appropriation for six months in 2011–12.

## What we will deliver in 2011–12

Under the decision-making non-departmental output class, the Minister for the Environment purchases a range of services to ensure an efficient decision-making process for approvals or permits relating to new organisms and hazardous substances, or to import, use and export ozone-depleting substances and hazardous waste of international concern; and for consideration of resource management proposals of national significance. These services are provided under the Hazardous Substances and New Organisms Act 1996, Ozone Layer Protection Act 1996, Imports and Exports (Restrictions) Act 1988 and Imports and Exports (Restrictions) Prohibition Order (No.2) 2004, and the Resource Management Act 1991.

The EPA outputs in this class are:

1. New organism decision-making
2. Hazardous substance, ozone-depleting substance and hazardous waste decision-making
3. Resource management decision-making

Under the compliance and enforcement output class, the Minister for the Environment purchases a range of services to promote and ensure compliance with legislation, regulations, and approvals and permits in relation to hazardous substances, ozone-depleting substances, hazardous waste and new organisms. These services are provided under the Hazardous Substances and New Organisms Act 1996, Ozone Layer Protection Act 1996, Imports and Exports (Restrictions) Act 1988 and Imports and Exports (Restrictions) Prohibition Order (No.2) 2004.

The EPA outputs in this class are:

4. HSNO, ozone-depleting substance and hazardous waste compliance and enforcement
5. Promoting awareness and compliance

Under the supporting environmental management output class, the Minister for the Environment purchases a range of services from the EPA to develop and maintain decision-making frameworks; to advise

on the implementation and effectiveness of policy and legislation, and international developments, in the management of hazardous substances, ozone-depleting substances, hazardous waste, new organisms, and natural and physical resources. These services are provided under the Hazardous Substances and New Organisms Act 1996, Ozone Layer Protection Act 1996, Imports and Exports (Restrictions) Act 1988 and Imports and Exports (Restrictions) Prohibition Order (No.2) 2004, and the Resource Management Act 1991.

The EPA outputs in this class are:

6. Government policy, legislation and international activities
7. Resource management advice and support services

Under the ETS non-departmental output class, the Minister for the Environment purchases a range of services relating to the implementation and operation of the New Zealand ETS and maintenance of a register to enable the allocation and trading of climate change units.

These services are provided under the Climate Change Response Act 2002. The EPA outputs in this class are:

8. Administration of the ETS
9. Operation of the New Zealand Emission Unit Register.

The forecast service delivery performance is based on the best estimates of the numbers and types of applications to be decided during the year. As the EPA must meet specific statutory timeframes in considering applications, there may be situations in which adjustments are needed to other parts of the work programme in order to meet these timeframes.

Transition activities

Work will continue to ensure the smooth transfer of the administrative functions of the Emissions Trading Scheme from the Ministry of Economic Development and the Ministry for the Environment into the EPA by January 2012. Costs will arise from implementing new systems and processes, managing organisational change, providing for the co-location of staff and the associated project management.

**Table 2**  
**Forecast statement of outputs**

	FORECAST 2011-12 \$000	FORECAST 2012-13 \$000	FORECAST 2013-14 \$000
<b>Total income</b>	<b>44,751</b>	<b>49,650</b>	<b>49,632</b>
<b>Output expenditure</b>			
Output 1 New organisms decision-making	2,187	2,187	2,187
Output 2 Hazardous substance, ozone-depleting substance and hazardous waste decision-making	4,871	4,871	4,871
Output 3 Resource management decision-making	24,074	27,527	27,509
Output 4 Hazardous substance, ozone-depleting substance and hazardous waste compliance and enforcement	2,488	2,488	2,488
Output 5 Promoting awareness and compliance	764	764	764
Output 6 Government policy, legislation and international activities	2,009	2,009	2,009
Output 7 Resource management advice and support services	2,911	2,911	2,911
Output 8 Administration of the Emissions Trading Scheme **	2,667	5,334	5,334
Output 9 Operation of New Zealand Emission Unit Register **	780	1,559	1,559
EPA transition *	2,000	-	-
<b>Total output expenditure</b>	<b>44,751</b>	<b>49,650</b>	<b>49,632</b>
<b>Surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* One-off funding for EPA transition.

\*\* Six months expenditure in 2011-12.

## Output 1 New organism decision-making

### Description

Our activities under this output relate to:

- » assessing and deciding applications and statutory determinations for new organisms, including genetically modified organisms (GMOs), in accordance with the Hazardous Substances and New Organisms Act 1996;
- » developing and maintaining policies and procedures relating to new organism decision-making, including the incorporation of Māori perspectives and ethical considerations;
- » implementing specific programmes focused on guiding stakeholders through the applications process, raising awareness and improving applicants' understanding of how to make an application; and
- » monitoring and oversight of decision-making delegated to the Chief Executive or an Institutional Biological Safety Committee and providing guidance, support and advice to delegated decision-makers.

### Output 1 New organism decision-making

We will provide the following outputs	Decisions on new organism applications made in accordance with the HSNO Act and relevant regulations.
We will undertake the following activities	<p>Make decisions on applications for new organisms that take into account the risks, costs and benefits of introducing new organisms, ensuring that the controls applied manage the adverse effects and allow the benefits to occur.</p> <p>Monitor and measure the compliance of decision-makers with statutory time frames.</p>
We will measure our success through the following	<p>The independent audit of a representative sample of decisions show that they have minimised the risks of approved organisms becoming pests and weeds or giving rise to diseases, and are compliant with the HSNO Act and relevant regulations.</p> <p>All decisions are made within the statutory time frames.</p> <p>There are no successful legal challenges of decisions.</p>
The outcomes we want are	Harms from biological agents are effectively managed or reduced while preserving opportunities for New Zealanders to benefit from their use.

**Table 3**  
**Number of new organism decisions – Part 5**

APPLICATION TYPE	ACTUAL 2010–11	FORECAST 2011–12
Non-GMO release and conditional release (all types)	6	4
Non-GMO containment	5	10
GMO development in containment	2	1
GMO imports into containment	0	1
GMO field tests and outdoor developments	1	0
GMO releases and conditional releases	0	0
Rapid assessments (GM and non-GM) – excluding releases	17	13
Emergencies	0	0
Minor or technical amendments	16	8
Reassessments	0	1
Statutory determinations		
Determinations	0	1
Reassessments	1	1
Transshipment of a new organism	0	0
<b>Total</b>	<b>48</b>	<b>40</b>
Non-statutory advice – present in New Zealand	51	30
Monitoring of IBSC decisions	66	60
Application for new IBSC delegation	0	0
Audit of IBSC delegation	1	1
Renewal of IBSC delegation	0	4

*Note: Decisions by IBSCs are not shown.*

## Output 2: Hazardous substance, ozone-depleting substance and hazardous waste decision-making

### Description

Our activities under this output relate to:

- » assessing and deciding applications for hazardous substances, licences, permissions, test certifiers, equipment, codes of practice, import certificates, waivers and statutory determinations for hazardous substances in accordance with the Hazardous Substances and New Organisms Act 1996;
- » issuing import or export permits for chemicals and wastes covered by the Stockholm, Rotterdam, Basel and Waigani Conventions in accordance with the Imports and Exports (Restrictions) Act 1988 and the Imports and Exports (Restrictions) Prohibition Order (No.2) 2004;
- » issuing import or export permits for ozone-depleting substances in accordance with the Ozone Layer Protection Act 1996;
- » developing and maintaining policies and procedures for decision-making relating to hazardous substances, including the incorporation of Māori perspectives and ethical considerations, and policies and procedures for the import, export and, where applicable, use of certain chemicals and hazardous waste;
- » implementing specific programmes focused on guiding stakeholders through the applications processes, raising awareness and improving applicants' understanding of the application processes; and
- » reviewing and reassessing hazardous substance approvals under the HSNO Act, including group standards and applications for reassessment initiated by the Chief Executive.

## Output 2 Hazardous substances, ozone-depleting substance and hazardous waste decision-making

We will provide the following outputs	<p>Decisions on applications for hazardous substances, licences, permissions, test certifiers, equipment, codes of practice and import certificates made in accordance with the HSNO Act and relevant regulations.</p> <p>Decisions on applications to import or export ozone-depleting substances and certain chemicals and waste controlled by international conventions.</p>
We will undertake the following activities	<p>Make decisions on applications for hazardous substances, licences, permissions, test certifiers, equipment, codes of practice, and import certificates that take into account the risks, costs and benefits, ensuring that the controls applied manage the adverse effects and allow the benefits to occur.</p> <p>Monitor and measure compliance with statutory timeframes.</p> <p>Undertake a programme of review of approvals for or relating to hazardous substances to reduce harm to people and the environment.</p> <p>Make decisions on applications for permits for the import and export of ozone-depleting substances in accordance with the Ozone Layer Protection Act 1996 and the Ozone Layer Protection Regulations 1996.</p> <p>Make decisions on applications for permits for the import or export of chemicals and waste in accordance with the Imports and Exports (Restrictions) Act 1988 and the Imports and Exports (Restrictions) Prohibition Order (No.2) 2004.</p> <p>Maintain registers:</p> <ul style="list-style-type: none"> <li>» Import and Exports (Restrictions) Register</li> <li>» Ozone Layer Protection Register</li> <li>» Hazardous Substances Register</li> <li>» New Organisms Register</li> </ul>
We will measure our success through the following	<p>Audits of decisions show that they have taken into account the risks, costs and benefits relating to the import, manufacture, or use of hazardous substances, and are compliant with the HSNO Act and relevant regulations.</p> <p>All decisions are made within the statutory timeframes.</p> <p>The Chief Executive-initiated reassessment of 20 substances is achieved within a five-year timeframe (ie, by 30 June 2013)*.</p> <p>Audits show that all decisions have taken into account the statutory requirements relating to the import and export of chemicals and waste and the import, export and use of ozone-depleting substances.</p> <p>Audits show that the registers are up-to-date and comply with the relevant statutory requirements.</p>
The outcomes we want are	<p>Harms from chemical agents are effectively managed or reduced while preserving opportunities for New Zealanders to benefit from their use.</p>

*\*Due to the complexity of the reassessment process and changing priorities, these projects usually span more than one year. Hence, no attempt has been made to predict the number of reassessments to be completed in a single year.*

**Table 4**  
**Forecast number of hazardous substance decisions – Part 5**

APPLICATION TYPE	ACTUAL 2010-11	FORECAST 2011-12
Import or manufacture for release	79	65*
Import or manufacture in containment	18	15
Emergencies	0	1
Special emergencies	0	1
Minor or technical amendments	8	15
Rapid assessments	74	64*
Reassessments	9	8
Statutory determinations	3	5
Transshipment of a hazardous substance	6	6
<b>Total</b>	<b>197</b>	<b>180</b>
Non-statutory advice – status of substances and product labelling	567	550

\* A drop in these numbers is expected in the second half of the year if new group standards for veterinary medicines are issued.

**Table 5**  
**Forecast number of hazardous substance decisions – Part 6**

APPLICATION TYPE	ACTUAL 2010-11	FORECAST 2011-12
Test certifiers	81	84
Test certificate waivers	82	94
Permissions	2	6
Approvals	45	37
Licences and certificates	1,229	1,290
Waivers and variations	24	32
Codes of practice/practice guides	10	3
<b>Total</b>	<b>1,473</b>	<b>1,546</b>

**Table 6**  
**Forecast number of ozone depleting substances applications**

APPLICATION TYPE	ACTUAL 2010-11	FORECAST 2011-12
Special Permit to import HCFC's* Regulation 9A	0	0
HCFC Wholesaler import Regulation 11	4	4
Import HCFC Regulation 9	221	160
Export permit Regulation 23	21	20
Import exemption Regulation 33	33	40
Methyl Bromide Wholesaler import Regulation 7(1)	2	1
Methyl Bromide replacement Regulation 7(3)	7	4
<b>Total</b>	<b>288</b>	<b>229</b>

\*HCFC = Hydrochlorofluorocarbons

**Table 7**  
**Import/export permits**

APPLICATION TYPE	ACTUAL 2010-11	FORECAST 2011-12
Import hazardous waste	3	30
Export hazardous waste	40	60
Transit of hazardous waste	23	2
<b>Total</b>	<b>66</b>	<b>92</b>

### Output 3: Resource management decision-making

#### Description

Our primary activity under this output relates to management of applications that are considered to be of national significance. These applications may be submitted directly to the EPA under section 145 of the Resource Management Act 1991 or may be called in by the Minister for the Environment under section 142 of the Resource Management Act. The output comprises:

- » processing called-in resource consent applications;
- » assessing and processing applications to the EPA for resource consents or changes to resource consents; and
- » processing requests for

- the preparation of a regional plan (except regional coastal plan) or a change to a plan;
- notices of requirement for a designation or to alter a designation;
- notices of requirement for a heritage order or to alter a heritage order.

Decision-making in relation to this output covers pre-application discussions with applicants, assessing applications, managing public participation through submissions and hearings, supporting Boards of Inquiry in considering applications, and releasing decisions.

### Output 3 Resource management decision-making

We will provide the following outputs	Assessment and management of applications made directly to the EPA or called-in by the Minister.
We will undertake the following activities	<p>Processing call-ins and other Ministerial interventions on projects of national significance.</p> <p>Assessing the national significance of applications to the EPA and making recommendations to Ministers on where they should be referred for consideration.</p> <p>Facilitate processing applications of national significance made directly to the EPA.</p> <p>Servicing Boards of Inquiry appointed to consider called-in proposals and applications of national significance.</p>
We will measure our success through the following	<p>All called-in applications processed within statutory timeframes.</p> <p>All applications to the EPA assessed for national significance and a recommendation made to the Minister within 20 working days.</p> <p>All applications to the EPA that are referred to a Board of Inquiry processed within statutory time frame of nine months, unless the timeframe is extended by the relevant Minister.</p> <p>All Boards of Inquiry are satisfied with the support provided by the EPA.</p> <p>No decisions overturned on judicial review on a matter of process.</p>
The outcomes we want are	Sustainable allocation and management of New Zealand's natural and physical resources for national benefit.

**Table 8**  
**Forecast number of resource management decisions**

APPLICATION TYPE	ACTUAL 2010-11	FORECAST 2011-12
Call-ins and other ministerial interventions	1	unknown
Applications of national significant to the EPA	2	8
<b>Total</b>	<b>3</b>	<b>8</b>

*Note: decisions on applications are made by Boards of Inquiry.*

## What we will deliver in 2011–12

### Output 4: Hazardous substance, new organism, ozone-depleting chemicals and hazardous waste compliance

#### Description

Our activities under this output relate to the following:

- » jointly with other agencies, co-ordinating and facilitating compliance, with hazardous substance approvals under the Hazardous Substances and New Organisms Act 1996, Part 4 of the Ozone Layer Protection Act 1996, and the relevant provisions of the Import and Export (Restrictions) Act 1988 and the Imports and Exports (Restrictions) Prohibition Order (No.2) 2004; and
- » oversight of the regime for monitoring and facilitating compliance with new organism approvals, including conducting necessary inquiries into new organism incidents; and developing and maintaining policies and procedures relating to new organism compliance.

### Output 4 Hazardous substances, new organisms, ozone-depleting chemicals, hazardous waste compliance

We will provide the following outputs	Co-ordination and facilitation of compliance when dealing with hazardous substances, hazardous waste and ozone-depleting substances and new organisms.
We will undertake the following activities	<p>Monitor and support the enforcement agencies as specified in Section 97 of the HSNO Act.</p> <p>Monitor and support the independent test certifier regime.</p> <p>Provide information and advice to users of hazardous substances, new organisms and ozone-depleting substances on the controls and how to comply with them.</p> <p>Coordinate and manage compliance and enforcement in relation to the Ozone Layer Protection Act jointly with the Customs Service.</p> <p>Coordinate and manage compliance and enforcement of import and export permits jointly with the New Zealand Customs Service.</p> <p>Maintain oversight of the monitoring of compliance with new organisms approvals.</p>
We will measure our success through the following	<p>All central government enforcement agencies regard the annual HSNO Act compliance activities and intentions report to be fair and accurate and consider they had an acceptable opportunity to provide input into the process and report.</p> <p>A programme of audits of test certifiers is developed and implemented by 30 June 2012.</p> <p>A survey shows that at least 80% of users of information and advice on hazardous substances and ozone-depleting substances find the information provided to be clear, helpful and fit for purpose.</p> <p>A Compliance and Enforcement Strategy for ozone-depleting substances, certain chemicals and hazardous waste controlled by international conventions is developed and implemented by 30 June 2012.</p> <p>No incidents causing adverse effects of new organisms are caused by inadequate implementation of controls.</p>
The outcomes we want are	Harms from chemical and biological agents are effectively managed or reduced while preserving opportunities for New Zealanders to benefit from their use.

## Output 5: Promoting awareness and compliance

### Description

Our activities under this output aim to increase understanding and knowledge of the safe use of hazardous substances and new organisms, and support compliance with controls and conditions. The output comprises:

- » promoting public awareness and knowledge of the safety rules, compliance regime and regulatory framework; and
- » in line with our obligations under the EPA, HSNO and Resource Management acts, developing the awareness of iwi/Māori about EPA matters and encouraging their participation.

### Output 5 Promoting awareness and compliance

We will provide the following outputs	<p>Education of New Zealanders about the safe handling of hazardous substances and new organisms.</p> <p>Facilitation of opportunities for Māori to participate in HSNO and Resource Management Act processes.</p>
We will undertake the following activities	<p>Ensure that information is easy to access.</p> <p>Ensure that information relating to the safe handling of new organisms and hazardous substances is in plain English and is easy to understand.</p> <p>Ensure that Māori have the information required to be able to participate in HSNO and Resource Management Act processes, through the implementation of the Māori participation programmes.</p>
We will measure our success through the following	<p>70% of people* surveyed find EPA's information easy to access and easy to understand.</p> <p>At least 70% of Māori participants surveyed in the Māori participation programmes rate them as good or very good.</p> <p>At least 70% of Māori participants surveyed in the Māori participation programmes rate the information in the programmes as relevant or very relevant.</p>
The outcomes we want are	<p>Harms from chemical and biological agents are effectively managed or reduced while preserving opportunities for New Zealanders to benefit from their use.</p>

*\*Every category of customer who has contacted the EPA in the past 12 months plus open invitation on website.*

### Output 6: Government policy, legislation and international activities

#### Description

Our activities under this output are: advising on the implementation of Government policy and legislation relevant to the Hazardous Substances and New Organisms Act 1996, the Ozone Layer Protection Act 1996, the Imports and Exports (Restrictions) Act 1988 and the Imports and Exports (Restrictions) Prohibition Order (No.2) 2004; monitoring and reviewing the effectiveness of the HSNO Act regime; working to ensure inconsistencies or conflicts between these Acts and other legislation are minimised; and maintaining an overview of and participating in international developments in the management of hazardous substances, hazardous waste and new organisms.

The output comprises:

- » providing input into ministerial correspondence and responses to parliamentary questions and briefing papers;

- » participating in the development of Government policy, legislation and regulations;
- » monitoring and reviewing the effectiveness of the HSNO Act;
- » advising on the operation of the Ozone Layer Protection Act and related regulations, and the Imports and Exports (Restrictions) Act and Imports and Exports (Restrictions) Prohibition Order; and
- » participating in and representing New Zealand's interests in the work of international bodies dealing with chemicals regulations, international convention chemicals and ozone-depleting substances, hazardous substances, hazardous waste and new organisms. Providing the annual New Zealand contribution to the OECD Part II Programme on the Control of Chemicals.

The volume of activity in this output is demand driven.

## Output 6 Government policy, legislation and international activities

We will provide the following outputs	Provision of advice on Government policy and legislation and oversight of international activities.
We will undertake the following activities	<p>Provide draft responses for Ministerial correspondence and parliamentary questions.</p> <p>Provide advice on Government policy and related initiatives that concern the legislation under which the EPA has functions.</p> <p>Recommend improvements and provide input into any proposed changes to the HSNO Act and associated regulations.</p> <p>Monitor and report on the extent to which the HSNO Act reduces adverse effects on the environment or people.</p> <p>Recommend improvements and provide input into any proposed changes to the Ozone Layer Protection Act and associated regulations.</p> <p>Recommend improvements and provide input into any proposed changes to the Imports and Exports (Restrictions) Act, and the Imports and Exports (Restrictions) Prohibition Order.</p> <p>Participate in international activities and ensure that any international trends and innovations are fed into the appropriate channels.</p> <p>Prepare and submit annual reports on ozone-depleting substances and on chemicals and waste as required by legislation and international conventions.</p>
We will measure our success through the following	<p>All responses to ministerial correspondence and parliamentary questions are completed to the satisfaction of Ministry for the Environment within five working days (or as otherwise agreed).</p> <p>Ministry for the Environment is satisfied with the timeliness and quality of EPA advice and input into government policy activities, as measured by formal and informal feedback.</p> <p>The annual monitoring report on the effectiveness of the HSNO Act is compiled by 30 June 2012 and is submitted to the Minister.</p> <p>EPA advice and input into international activities is provided in accordance with an annual plan of participation (prepared by 31 August 2011) to the satisfaction of the Ministry for the Environment.</p> <p>The annual report to the international Ozone Secretariat required by Article 7 of the Montreal Protocol is provided by 30 June 2012 and is accepted.</p>
The outcomes we want are	Harms from chemical and biological agents are effectively managed or reduced while preserving opportunities for New Zealanders to benefit from their use.

### Output 7: Resource management advice and support services

#### Description

Our primary activity under this output relates to providing information, advice and support services in connection with Resource Management Act processes at a national level and developing the frameworks for effective decision-making. This includes:

- » developing and maintaining policies, procedures and best practice solutions related to resource management decision-making;
- » increasing the pool of potential Board of Inquiry members with appropriate certification and competences;
- » improving stakeholders' understanding of the application process and public awareness of how to have their say on applications;
- » maintaining strategic relationships, particularly with the Environment Court, local government and other state sector agencies;
- » providing support to:
  - Boards of Inquiry appointed to inquire into and report on national policy statements; and
  - Special Tribunals appointed to consider proposed water conservation orders; and
- » providing advice and technical input to the Ministry for the Environment on national environmental standards and other resource management matters.

### Output 7 Resource management advice and support services

We will provide the following outputs	Provision of advice and support for RMA processes at a national level.
We will undertake the following activities	<p>Providing information and advice to assist potential applicants and submitters involved in national-level decision-making.</p> <p>Supporting continuing professional development among resource management decision makers.</p> <p>Providing support for national-level decision-making, including consideration of proposed national policy statements and proposed water conservation orders.</p> <p>Providing information and advice on other resource management matters, including development of legislation and regulations.</p>
We will measure our success through the following	<p>A survey of applicants (or potential applicants) finds that at least 90% regard the information and advice provided to be clear, helpful and fit for purpose.</p> <p>A survey of submitters finds that at least 70% regard the information and advice provided to be clear, helpful and fit for purpose.</p> <p>Steady increase in the pool of resource management decision makers with the skills to be appointed to Boards of Inquiry.</p> <p>Feedback from the Chairs of other national-level decision-making processes, in which the EPA has been involved, indicates that they are satisfied with the support provided.</p> <p>All requests for information and advice are responded to within the agreed timeframes, to the satisfaction of the requestor, as measured by formal and informal feedback.</p>
The outcomes we want are	Sustainable allocation and management of New Zealand's natural and physical resources for national benefit.

## Output 8: Administration of ETS

### Description

Our primary activity under this output relates to:

- » receiving and processing allocation applications for ETS assistance;
  - » receiving and processing emissions returns submitted for the ETS;
  - » making statutory decisions provided for in the Climate Change Response Act, including Emissions Rulings, Unique Emissions Factors and Verifiers for Unique Emissions Factors;
  - » provision of data about unit transactions to the Ministry for the Environment and the Minister of Finance to enable management of the relevant Crown Accounts;
  - » provision of data to the Ministry for the Environment to help meet New Zealand's requirement to provide an annual inventory report and national communication to the United Nations;
- » implementing programmes to improve public understanding of the administration of the ETS; and
  - » ensuring compliance and enforcement activity is undertaken, either by the EPA or in conjunction with other agencies, to provide assurance that participants and allocation applicants are complying with the requirements of the Climate Change Response Act, including:
    - reviewing applications;
    - auditing participants and applicants for allocations;
    - working with participants and allocation applicants to resolve incidents of non-compliance where possible; and
    - initiating enforcement action where necessary.

## Output 8 Administration of ETS

We will provide the following outputs	<p>Decisions on the allocation of units in accordance with the Climate Change Response Act and relevant regulations.</p> <p>Registration of participants in the ETS.</p> <p>Ensure compliance with the requirements of the ETS, the Climate Change Response Act and related regulations.</p>
We will undertake the following activities	<p>Make decisions on applications for industrial allocation in accordance with the Climate Change (Eligible Industrial Activities) Regulations 2010.</p> <p>Ensure participants are registered and able to submit emissions returns and surrender units.</p> <p>Make decisions on Emissions Rulings and Unique Emissions Factors and Unique Emissions Factors Verifiers.</p> <p>Provide data about transactions of units to ensure that the financial implications for the Crown can be managed.</p> <p>Provide data to meet inventory reporting requirements.</p> <p>Monitor compliance with requirements across the ETS in conjunction with the Ministry for the Environment.</p> <p>Complete audits on participating entities and allocation recipients across ETS.</p>
We will measure our success through the following	<p>90% of applications for allocations are processed within four weeks of receiving the signed application summary.</p> <p>No application decisions are revoked or varied on review as requested by applicant.</p> <p>98% of participants are accurately recorded in the New Zealand Emission Unit Register within two business days of receipt of a properly completed application.</p> <p>95% of decisions made are upheld on review.</p> <p>Ministry for the Environment is satisfied with the timeliness and quality of EPA reporting on unit transactions and for international reporting.</p> <p>Review of the applications accepted and processed shows that 100% were correctly processed.</p> <p>15 audits of industrial allocation applicants under the ETS are completed in 2011–12.</p>
The outcomes we want are	Decreased New Zealand net emissions of greenhouse gases below business as usual levels.

**Table 9**  
**Forecast number of applications**

APPLICATION TYPE	ACTUAL 2010–11	FORECAST 2011–12
Registration of participants in ETS	6	550 – 750
Allocation of New Zealand Units	176 applications in 2011 application round	150 – 300
<b>Total</b>	<b>182</b>	<b>700 – 1,050</b>

## Output 9: Operation of New Zealand Emission Unit Register

### Description

Our primary activity under this output relates to operating the New Zealand Emission Unit Register (NZEUR) as part of the ETS, to enable the allocation and trading of units under the Climate Change Response Act 2002 and the Kyoto Protocol.

The output comprises:

- » receiving and processing applications to be registered as a user of the NZEUR;
- » opening, maintaining and closing holding accounts;
- » managing the accounting, reporting and reconciliation of emissions and unit holdings and transactions;
- » transfer of Kyoto units and other information between the NZEUR and other national registries under the Kyoto Protocol;
- » transfer of units between holding accounts within the NZEUR;
- » maintaining the security and integrity of the NZEUR environment; and
- » reconciling New Zealand's Kyoto unit holdings and transactions with the International Transaction Log.

### Output 9 Operation of New Zealand Emission Unit Register

We will provide the following outputs	Operation of the NZEUR under the Climate Change Response Act 2002.
We will undertake the following activities	Facilitate transaction of climate change units by managing the NZEUR. Manage accounting, recording and reconciliation of emissions and unit holdings and transactions. Ensure reconciliation of New Zealand emission unit trading transactions with the International Transaction Log.
We will measure our success through the following	NZEUR is available for public access for 99% of the time excluding scheduled outages. 100% of recorded entries in the Register are peer-reviewed for accuracy. NZEUR is successfully reconciled with the International Transaction Log.
The outcomes we want are	Decreased New Zealand net emissions of greenhouse gases below business as usual levels.

**Table 10**  
**Forecast number of applications**

APPLICATION TYPE	ACTUAL 2010-11	FORECAST 2011-12
Registration accounts in the NZEUR	2,261	4,000
<b>Total</b>	<b>2,261</b>	<b>4,000</b>

### Transition Activities

During the 2011-12 year we will receive one-off additional funding to cover the costs for bringing the administrative functions of the ETS into the EPA. The work of transferring the business functions will be completed by January 2012. However, securing a building for the permanent co-location of all staff is expected to be

a more lengthy process. After decisions on mid term accommodation are made, any residual funding will be returned to the Government.

The Ministry for the Environment will monitor the use of the funding in line with a monitoring plan agreed with the EPA.

# How we operate as an organisation

## FINANCIAL AND NON-FINANCIAL PERFORMANCE MEASURES

We have developed the following performance measures to provide an indication of our overall organisational health and capability. These measures provide information not otherwise available in this Statement of Intent.

### Forecast financial and non-financial performance measures

	UNIT	2011-12	2012-13	2013-14
<b>Working capital</b>				
Net current assets	\$000	2,241	2,081	1,921
Current ratio	%	214	199	200
<b>Resource utilisation</b>				
Fixed assets as % of total assets	%	68	69	71
Additions as % of fixed assets	%	48	23	23
Fixed assets per FTE	\$000	57	58	59
Accommodation cost per FTE	\$000	7	7	7
<b>Human resources</b>				
Total FTEs	No.	158	158	158
Professional Development as % of personnel expenses	%	4	4	4
Average annual leave liability as % of annual entitlement	%	50	50	50

## ACCOUNTING AND OTHER FINANCIAL POLICIES

### Reporting entity

The EPA is a Crown Agent under the Crown Entities Act 2004 and is referred to throughout this Statement of Intent as the EPA. This inclusive term is used unless the reference is to the exercise of specific statutory powers and functions or specific responsibilities of the legal entity, or where reference to one of the elements of the EPA is required for clarity. The EPA was established under the Environmental Protection Authority Act 2011, and commenced activities on 1 July 2011. The EPA is domiciled in New Zealand and the ultimate parent is the New Zealand Crown.

The primary objective of the EPA is to contribute to the efficient, effective, and transparent management of New Zealand's environment and natural and

physical resources and enable New Zealand to meet its international obligations under environmental Acts. Accordingly, the EPA has designated itself as a public benefit entity for the purposes of the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The focus of the Statement of Intent is on public accountability and providing a base against which the performance of the EPA can be assessed. Information in these forecast financial statements may not be appropriate for purposes other than those described.

These forecast financial statements have been prepared in accordance with the Crown Entities Act 2004. These forecast financial statements of the EPA are for the year 1 July 2011 to 30 June 2012, with forecast results for the next two years, 2012-13 and 2013-14. These forecast financial statements were authorised for issue by the Board on 19 September 2011.

The Board of the EPA is responsible for these statements, including the statement of underlying assumptions used in preparing these statements. The Statement of Intent will also be updated if, at any stage, the intentions and undertakings of the EPA are significantly altered or affected by new directions from the Government or any change in law or any other change in the EPA's operating environment.

## STATEMENT OF SIGNIFICANT UNDERLYING ASSUMPTIONS

### Crown revenue

	2011-12	2012-13	2013-14
\$000	20,047 *	21,493	21,493

\* A one-off EPA transition cost of \$2 million. As 2011-12 is the first year of operation for the EPA, there are no prior year revenue comparisons.

### Revenue from fees

The revenue from fees in 2011-12 is based on our assumptions about the activities of our stakeholders using historical data, specific indications of applications that can be expected from likely applicants, and our assessment of the impact of recent legislative changes.

### Operating results

The EPA is a new Crown agent in its first year of operation. Our intention is to operate on the basis of balanced budgets for the next three years, in anticipation of more functions being added to the organisation.

### Capital expenditure

A number of software development projects are planned over the next three years, to enhance the delivery of the existing core regulatory functions. Further development projects are also planned to allow the integration of additional registers for any new functions, as well as with the registers inherited from Environmental Risk Management Authority.

A medium-term accommodation project is planned to enable the co-location of all Wellington-based EPA staff in a single building.

## STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2012

### Basis of preparation

#### Statement of Compliance

These forecast financial statements have been prepared in accordance with the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for a public benefit entity.

#### Preparation under NZ IFRS

These forecast financial statements are prepared using the NZ IFRS. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### Measurement basis

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of certain property, plant and equipment, and the measurement of investments at fair value.

#### Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the EPA is the New Zealand dollar.

## How we operate as an organisation

### Early adopted amendments to standards

The following amendments to standards have been early adopted:

- » NZ IRFS 7 Financial Instruments: Disclosures – The effect of early adopting these amendments is that the following information is no longer disclosed:
  - the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated; and
  - the maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount.
- » NZ IAS 24 Related Party Disclosures (Revised 2009) – The effect of early adopting the revised NZ IAS 24 is:
  - more information is required to be disclosed about transactions between the EPA and entities controlled, jointly controlled, or significantly influenced by the Crown;
  - commitments with related parties require disclosure; and
  - information is required to be disclosed about any related party transactions with Ministers of the Crown.

### Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

The standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the EPA, are:

- » NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase three Hedge Accounting. Phase 1 has been completed and has been published in the new

financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus /deficit. The new standard is required to be adopted for the year ended 30 June 2014. The EPA has not yet assessed the effect of the new standard and expects it will not be early adopted.

### Significant accounting policies

The following accounting policies, which materially affect the measurement of income and the balance sheet, are applied consistently.

#### Revenue

Revenue is measured at the fair value of consideration received or receivable.

#### Revenue from the Crown

The EPA derives revenue through the provision of outputs to the Crown as specified in this Statement of Intent, for services to third parties, primarily through application fees, and from interest on money in its bank accounts.

Revenue from the Crown is recognised when earned and is reported in the financial period to which it relates.

Operating revenue from the Crown is subject to appropriation under Vote: Environment and Vote: Climate Change. The total amount appropriated within the Non-Departmental Multi Class Output Appropriations is accounted for as income. Revenue from the Crown and third parties through fees and charges is recognised when earned. Capital contributions are recognised as taxpayers' funds.

### **Interest**

Interest income is recognised using the effective interest method.

### **Provision of services**

Revenue derived through the provision of services to third parties is recognised in proportion to the stage of completion at the balance sheet date. The stage of completion is assessed by reference to the stage of work performed.

### **Capital charge**

Changes to the capital charge rules from 1 July 2011 mean that the EPA will not be required to pay any capital charge, since the EPA total net assets does not exceed \$15 million.

### **Leases**

#### *Operating leases*

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the EPA are classified as operating leases. Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

### **Debtors and other receivables**

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Impairment of receivables is established when there is objective evidence that the EPA will not be able to collect all amounts due according to the original terms of the receivable.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default on payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

### **Investments**

At each balance sheet date the EPA assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. EPA investments are all in bank deposits.

#### *Bank Deposits*

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments are measured at amortised cost using the effective interest method.

For bank deposits, impairment is established when there is objective evidence that the EPA will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default on payments are considered indicators that the deposit is impaired.

### **Accounting for derivative financial instruments and hedging activities**

The EPA does not use any derivative financial instruments to hedge exposure to foreign exchange and interest rate risks arising from financing activities. The EPA does not hold or issue derivative financial instruments for trading purposes.

## How we operate as an organisation

### Property, plant and equipment

Property, plant and equipment consist mainly of computer hardware, furniture and fixtures, leasehold improvements and office equipment.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

#### Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the EPA and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

#### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit.

#### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the EPA and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

#### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows.

Computer hardware	3 to 4 years	(25%–33.3%)
Furniture and fixtures	6 years	(16.7%)
Leasehold improvements	6 to 9 years	(11.1%–16.7%)
Office equipment	6 years	(16.7%)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at least each financial year-end.

### Intangible assets

#### Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by the EPA are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

#### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3 to 8 years	(12.5%–33.3%)
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### **Impairment of property, plant and equipment, and intangible assets**

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the EPA would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For non-financial assets the impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is also recognised in the surplus or deficit.

### **Creditors and other payables**

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### **Employee entitlements**

#### *Short-term entitlements*

Employee benefits that the EPA expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned, but not yet taken, at balance date.

The EPA does not recognise a liability for sick leave as the sick leave entitlement is not specified and does not accumulate.

The EPA recognises a liability and an expense for performance payment when contractually obliged or when there is a past practice that has created a constructive obligation.

#### *Long-term entitlements*

The EPA recognises a liability for long service leave and retirement leave where applicable.

### **Superannuation schemes**

#### *Defined contribution schemes*

Obligations for contribution to Kiwi Saver are accounted for as defined contribution superannuation scheme and are recognised as an expense in the surplus or deficit as incurred.

#### *Defined benefit schemes*

The EPA has no defined benefit scheme for employees.

### **Provisions**

The EPA recognises a provision for future expenditure of an uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as expense finance cost.

### **Borrowings**

The EPA does not have any borrowings.

## How we operate as an organisation

### Goods and services tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### Income Tax

The EPA is exempt from income tax in terms of the Income Tax Act 2004. Accordingly, no charge for income tax has been provided for.

### Budget figures

The budget figures are approved by the EPA Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the EPA for the preparation of the financial statements.

### Cost allocation

The EPA determines the cost of outputs using the cost allocation outlined below.

- » Direct costs are costs that can be charged (attributed) directly to an external activity (and therefore an output).

- » Indirect costs are costs that cannot be readily identified with an output and are incurred for the common benefit of more than one output. (Examples include accommodation rental, computer network costs, and utility charges). Indirect costs are allocated to external activities to derive total output costs, as detailed below.
- » Cost drivers are used to allocate costs directly to outputs, whether personnel or other costs.
- » All other costs are allocated to outputs on a proportional basis, using direct personnel time as the cost driver, based on actual data collected through the time recording system for the year.

### Critical accounting estimates and assumptions

In preparing these financial statements the EPA has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows.

#### *Property, plant and equipment useful life and residual value*

At each balance date the EPA reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the EPA to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the EPA, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position.

The EPA minimises the risk of this estimation uncertainty by:

- » physical inspection of assets;
- » asset replacement programmes;
- » review of second hand market prices for similar assets; and
- » analysis of prior asset sales.

The EPA has not made significant changes to past assumptions concerning useful lives and residual values.

### **Critical judgements in applying the EPA's accounting policies**

Management has exercised the following critical judgement in applying the EPA's accounting policies for the period ended 30 June 2012:

#### ***Lease classification***

Determining whether a lease agreement is a finance or operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the EPA.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

The EPA has exercised its judgement on the appropriate classification of equipment leases and has determined there are no lease arrangements that can be classified as finance leases.

#### ***Classification of intangible assets***

The EPA took over a number of databases developed by ERMA for the management of HSNO applications. These databases are estimated to have a useful life of eight years. In the event of a complete revamp of any database, the unamortised portion will be written-off in the statement of financial performance.

### **Accounting policies**

As this is the first year of operation for the EPA, the accounting policies adopted are generally in accordance to NZ GAAP and are appropriate for a public benefit entity.

#### **Charging policy**

Charges will be applied for most types of applications to the EPA for decision-making on applications of national significance under the Resource Management Act and Parts 5 and 6 of the HSNO Act, and may also apply to other services. We have publicly notified specific types and levels of charges and set them out in the Fees and Charges Schedule. In the main, charges are set as fixed fees, with the charges for some application types being set by negotiation with the applicant and some services being charged on an hourly rate basis.

#### **Balancing of revenues and costs**

The EPA has an overall aim of operating a balanced budget each year. Any surplus made will be available to fund future operating deficits. We will not incur a deficit unless we are able to fund it from retained earnings.

#### **New borrowings and other liabilities**

The EPA has no plans to incur liabilities in the form of borrowings or financial leases in the 2011–14 period.

## FORECAST FINANCIAL STATEMENTS

### Forecast statement of comprehensive income

	FORECAST 2011-12 \$000	FORECAST 2012-13 \$000	FORECAST 2013-14 \$000
<b>Income</b>			
Revenue Crown	20,047	21,493	21,493
Interest income	84	74	56
Other revenue	24,620	28,083	28,083
<b>Total Income</b>	<b>44,751</b>	<b>49,650</b>	<b>49,632</b>
<b>Expenditure</b>			
Personnel costs	12,709	13,749	13,749
Depreciation and amortisation	1,476	1,950	1,950
Other expenses	30,566	33,951	33,933
<b>Total operating expenditure</b>	<b>44,751</b>	<b>49,650</b>	<b>49,632</b>
<b>Surplus / (deficit)</b>	-	-	-
Other comprehensive income	-	-	-
<b>Total comprehensive income for year</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Forecast statement of financial position

	FORECAST 2011-12 \$000	FORECAST 2012-13 \$000	FORECAST 2013-14 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2,201	1,276	1,226
Debtors and other receivables	904	1,096	1,037
Prepayments	109	104	86
Investments	1,000	1,700	1,500
<b>Total current assets</b>	<b>4,214</b>	<b>4,176</b>	<b>3,849</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3,102	2,968	2,834
Intangible assets	5,949	6,243	6,537
<b>Total non-current assets</b>	<b>9,051</b>	<b>9,211</b>	<b>9,371</b>
<b>TOTAL ASSETS</b>	<b>13,265</b>	<b>13,387</b>	<b>13,220</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Creditors and other payables	1,117	1,202	982
Employee entitlements	856	893	946
Borrowings	-	-	-
<b>Total current liabilities</b>	<b>1,973</b>	<b>2,095</b>	<b>1,928</b>
<b>Non-Current Liabilities</b>			
Employee entitlements	86	86	86
Provisions	161	161	161
Borrowings	-	-	-
<b>Total non-current liabilities</b>	<b>247</b>	<b>247</b>	<b>247</b>
<b>TOTAL LIABILITIES</b>	<b>2,220</b>	<b>2,342</b>	<b>2,175</b>
<b>NET ASSETS</b>	<b>11,045</b>	<b>11,045</b>	<b>11,045</b>
<b>EQUITY</b>			
General funds	11,045	11,045	11,045
<b>TOTAL EQUITY</b>	<b>11,045</b>	<b>11,045</b>	<b>11,045</b>

## Forecast statement of changes in equity

	FORECAST 2011-12 \$000	FORECAST 2012-13 \$000	FORECAST 2013-14 \$000
<b>Balance at 1 July</b>	3,145	11,045	11,045
Capital Contribution *	7,900	-	-
Total comprehensive income for year	-	-	-
<b>Balance at 30 June</b>	<b>11,045</b>	<b>11,045</b>	<b>11,045</b>

\* Capital contribution includes the transfer of the Emissions Unit Register at an estimated net book value of \$4.8 million from the Ministry of Economic Development.

## How we operate as an organisation

## Forecast statement of cash flows

	FORECAST 2011-12 \$000	FORECAST 2012-13 \$000	FORECAST 2013-14 \$000
<b>Cash flows from operating activities</b>			
Receipts from Crown	20,047	21,493	21,493
Interest received	77	75	57
Receipts from other revenue	23,877	27,895	28,136
Payments to suppliers	(30,242)	(33,900)	(34,130)
Payments to employees	(12,450)	(13,712)	(13,696)
Goods and Service Tax (net)	(65)	34	-
<b>Net cash flows from operating activities</b>	<b>1,244</b>	<b>1,885</b>	<b>1,860</b>
<b>Cash flows from investing activities</b>			
Receipts from sale of investments	-	1,000	1,700
Purchase of property, plant and equipment	(3,390)	(650)	(650)
Purchase of intangible assets	(961)	(1,460)	(1,460)
Acquisition of investments	(1,000)	(1,700)	(1,500)
<b>Net cash flows from investing activities</b>	<b>(5,351)</b>	<b>(2,810)</b>	<b>(1,910)</b>
<b>Cash flows from financing activities</b>			
Capital contribution	3,100	-	-
<b>Net cash flows from financing activities</b>	<b>3,100</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>	<b>(1,007)</b>	<b>(925)</b>	<b>(50)</b>
Cash and cash equivalents at the beginning of the year	3,208	2,201	1,276
<b>Cash and cash equivalents at the end of the year</b>	<b>2,201</b>	<b>1,276</b>	<b>1,226</b>

## Forecast statement of capital expenditure

	FORECAST 2011-12 \$000	FORECAST 2012-13 \$000	FORECAST 2013-14 \$000
<b>Property, Plant and Equipment</b>			
Computer hardware	223	300	300
Furniture and fittings	932	100	100
Leasehold improvements	2,064	50	50
Office equipment – owned	171	200	200
<b>Intangible assets</b>			
Computer software *	961	1,460	1,460
<b>TOTAL</b>	<b>4,351</b>	<b>2,110</b>	<b>2,110</b>

\* Computer software developed for the Emission Unit Register will be transferred from the Ministry of Economic Development at an estimated net book value of \$4.8 million.

# Appendix A

## SPECIFIC DISCLOSURE REQUIREMENTS UNDER THE HAZARDOUS SUBSTANCES AND NEW ORGANISMS ACT 1996

### Impact of the Statement of Intent on the management and use of hazardous substances and new organisms

The following statement, which is required under section 147(3) of the Hazardous Substances and New Organisms Act 1996 (HSNO Act), assesses the effects that the matters set out in this Statement of Intent are likely to have on the management and use of hazardous substances and new organisms in 2011–12 and beyond.

In general terms, the principal effect of the matters set out in this Statement of Intent will be to continue to provide comprehensive risk management of the introduction, manufacture and use of hazardous substances throughout their life cycle, and of the introduction, development, field testing and release of new organisms (including genetically modified organisms). The HSNO Act establishes the requirement for these activities to be undertaken in accordance with approvals issued under the Act.

This Statement of Intent describes the decision-making activities that result in approvals and the associated compliance and monitoring activities that we undertake. Along with other activities contained in this Statement of Intent, such as wider public information and awareness, these will give effect to the purpose of the HSNO Act: to prevent or manage the risks to the environment and the health and safety of people and communities associated with hazardous substances and new organisms. This achievement will ultimately be demonstrated through the key indicators we use to monitor the effectiveness of the Act.

Decisions by the EPA are not expected to please all interested parties, but they should be seen as true to the intentions of the HSNO Act and they should be impartial, robust, evidence-based and well-explained. The EPA will continue to ensure that Māori perspectives are incorporated into the decision-making.

For new organism containment approvals, the increasing use of project-based and broad applications will continue to streamline the process and by working with MAF on their compliance and enforcement activities we will ensure a high degree of assurance that controls or conditions placed on approvals are being adhered to.

With respect to hazardous substances, work on reassessments (review of existing approvals) will be the primary vehicle for providing assurance that the risk management framework is robust.

Activities in 2011–12 to promote compliance and enforcement include providing high-quality, user-friendly information to industry; improving our collection of information on the effectiveness of the enforcement system; and better planning, co-ordination and implementation of enforcement activities.

### Environmental user charges and grounds for reassessment decisions

The following specific information is required under section 147(1) of the HSNO Act on decisions relating to the grounds for reassessment of a substance or new organism and the use of environmental user charges:

- » The Board may consider imposing an environmental user charge as an alternative to or in addition to controls in granting an approval for a hazardous substance. To date the Environmental Risk Management Authority has not done so, and this is likely to continue to be the case for the EPA in 2011–12. With all approvals granted to date, it has been considered that the use of controls is the most effective means of managing the risks throughout the lifecycles of the substances approved, and the use of environmental user charges has, therefore, not been required.
- » Two decisions on grounds for reassessment of a substance and none for new organisms were made by the Environmental Risk Management Authority in 2010–11. They were:
  - Baits containing bromadiolone
  - Quintozene

## Appendix B

The following terms and abbreviations are used throughout this document.

### TERMS DESCRIBING THE PARTS OF THE EPA

**EPA** – the whole Environmental Protection Authority, comprising three formal elements: the Board, the Māori Advisory Committee and the staff.

**EPA Board** – the appointed members responsible for exercising statutory functions and acting as the governing body of the Environmental Protection Authority.

**Ngā Kaihautū Tikanga Taiao** – a Māori Advisory Committee appointed by the EPA Board as required under the Environmental Protection Authority Act 2011.

**Staff** – the organisation that provides executive support to the Environmental Protection Authority.

### TERMS AND ABBREVIATIONS REFERRING TO THE EPA'S WORK AND ACTIVITIES

**Board of Inquiry** – Board appointed by the Minister to decide applications to the EPA under the RMA. Must include no fewer than three, and no more than five members, and the chair must be a current, former or retired Environment Court judge or a retired High Court judge.

**Call-in** – action that describes the situation where an application under the RMA lodged with a territorial or local authority, is considered nationally significant and directed by the Minister for the Environment, the Minister of Conservation or both Ministers jointly to either the Environment Court or to a Board of Inquiry to make a decision on the application.

**CCRA** – Climate Change Response Act 2002.

**Days** – working days, excluding weekends, public holidays and (for purposes of applications made under Part 5 of the HSNO Act) the period between 20 December and 15 January each year.

**Emissions Trading Scheme** – the system in which New Zealand Units are traded, created by the Climate Change Response Act 2002. Effectively, one New Zealand Unit allows the holder to emit one metric tonne of carbon dioxide equivalent.

**ETS** – Emissions Trading Scheme.

**Generic approvals** – approvals covering a broad range of organisms or substances that fall into the same or similar risk categories.

**Genetically modified organism** – any organism whose genetic material has been modified by *in vitro* techniques.

**HSNO Act** – the Hazardous Substances and New Organisms Act 1996.

**Industrial allocation** – to assist entities carrying out eligible activities, to manage the increased costs as a result of the ETS, while they make the necessary changes to reduce their energy dependency and adjust to emissions pricing.

**Institutional Biological Safety Committees (IBSCs)** – act under delegation from the EPA.

**International conventions** – New Zealand has obligations under a number of international environmental agreements that require controls to be imposed on certain chemicals, hazardous waste and ozone-depleting substances and new organisms. These conventions are:

- » Stockholm Convention on Persistent Organic Pollutants;
- » Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade;

- » Basel Convention on the Control of Transboundary Movements of Hazardous Waste and their Disposal;
- » Waigani Convention (Convention to Ban the Importation into Forum Island Countries of Hazardous and Radioactive Wastes and to Control the Transboundary Movement and Management of Hazardous Wastes within the South Pacific Region);
- » Vienna Convention and Montreal Protocol on the protection of the ozone layer; and
- » Cartagena Protocol on Biosafety to the Convention on Biological Diversity.

**International Transaction Log** – an international log maintained by the Secretariat of the United Nations Framework Convention on Climate Change to confirm the validity of transactions, including the issue and transfer of Kyoto units between registries and between accounts in the Register.

**Kyoto Protocol** – an international agreement under the United Nations Framework Convention on Climate Change, to address the problem of climate change. It sets binding targets for developed countries that ratify it, aimed at limiting the amount of greenhouse gases they emit.

**Kyoto Units** – all of the unit types specified in, or in accordance with, the Kyoto Protocol.

**Methodology** – the Hazardous Substances and New Organisms (Methodology) Order 1998, which the EPA applies to decision-making under Part 5 of the HSNO Act.

**New organism** – any organism, including genetically modified organisms, that was not present in New Zealand before 28 July 1998, the date on which the new organism elements of the HSNO Act came into force (for a full definition, see section 2A of the HSNO Act).

**Nine months** – this is the period of calendar months between the first day of the public notice of an application directed by the Minister for the Environment, Minister of Conservation, or both ministers jointly and the final day by which a Board of Inquiry signs its final decision report on the proposal.

**NZEUR** – New Zealand Emission Unit Register.

**New Zealand Units** – the primary unit of trade in the New Zealand Emissions Trading Scheme, issued by the Crown. A New Zealand Emission Unit represents one metric tonne of carbon dioxide equivalent.

**NZU** – New Zealand Unit.

**OLPA** – Ozone Layer Protection Act 1996 and Amendment Act 2011.

**Order, the** – Imports and Exports (restrictions) Prohibition Order (No.2) 2004 (SR2004/202)

**Proposal of National Significance** – an application made under the Resource Management Act that is determined by the Minister for the Environment, the Minister of Conservation or both Ministers jointly to be a proposal or in part a proposal of national significance when evaluated against the factors of national significance in section 142(3) of the RMA or other factors that the Minister(s) consider relevant.

**Rapid assessment (hazardous substances)** – the EPA may make a rapid assessment if it is satisfied a new substance has a similar composition and similar hazardous properties to an approved substance, where the hazardous properties of the new substance are low, or where the new substance has been formulated to be a lesser hazard than an approved substance. The Act also provides for the rapid assessment and approval of hazardous substances in an emergency or a special emergency.

**Rapid assessment (new organisms)** – the information supplied must provide sufficient information that the “release” of the new organism meets the low risk criteria in the HSNO Act (sections 35 and 36). Rapid assessment of containment applications is also possible under section 42 of the HSNO Act. In the latter case, the information provided must be sufficient to meet the criteria for a low-risk genetic modification specified in regulations made under section 41 of the HSNO Act.

**Reassessment** – occurs when the risks, costs and benefits associated with an approved substance or a new organism are reconsidered. Reassessment is a two-step process. As a result of the reassessment the EPA may decide to change the conditions placed on the approval or, in extreme cases, withdraw the approval altogether. Any person may apply for the grounds for reassessment or the reassessment itself, including the Chief Executive of the EPA.

**Registry** – the New Zealand Emission Unit Register. All emission unit holdings are kept in the Register.

**Registrar** – the employee of the EPA appointed to operate the New Zealand Emission Unit Register.

**RMA** – Resource Management Act 1991.

**UNFCCC** – United Nations Framework Convention on Climate Change. This international environmental treaty records the agreement of parties to the convention to reduce greenhouse gas emissions and creates the framework for doing so. The Kyoto Protocol exists under this Convention.

