



17 APR 2019

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Julie Hardaker
Chair
Environmental Protection Authority
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Dear Julie

Letter of Expectations for the 2019/20 financial year

1. Associate Minister Eugenie Sage and I are writing to convey our expectations of you (the Environmental Protection Authority (EPA)) for the 2019/20 financial year. This letter is intended to help the EPA Board develop its Statement of Performance Expectations for 2019/20 and a new Statement of Intent for 2019-2023.

Context and Government-wide priorities

2. The Government is committed to transitioning to a sustainable low-emissions economy. The economy cannot be considered separately from the environment or society, and a better understanding of the interrelations between them can help us pursue better outcomes.
3. The Treasury's Living Standards Framework provides a framework for you to show how the EPA's work supports wellbeing. We encourage you to consider aligning your strategic thinking, performance reporting, and budget planning with the elements of the Living Standards Framework.

Our high-level priorities for the EPA

Supporting successful governance of the EPA

4. Given your significant membership changes in the past year, it is crucial you are well supported by EPA staff and kept informed of your operating environment, your duties and obligations. We expect that a transparent and active working relationship is maintained between you, the EPA's Chief Executive and management team, the Ministry for the Environment (the Ministry), and ourselves as Ministers, while also respecting each other's roles.

Maintaining fiscal responsibility

5. We are pleased with the ongoing improvements made to the EPA's financial management and the continued work with the Ministry on Budget Initiative Proposals. As a public organisation, being fiscally prudent is a reality of conducting business, and the Budget process does not guarantee new Crown funding for every proposal.
6. We note the EPA continues to be considered for potential new functions in the future. You will need to ensure the EPA continues operating efficiently. You will also need to be willing to shift resources for any potential changes to the organisation's business, where the scope and scale of the new functions can be absorbed within its existing funding.
7. We continue to expect you to build and maintain a high level of financial capability and to tell a clear financial story of the EPA's performance. In particular, connecting its appropriated funding to its services and how its work has an impact on environmental outcomes.

Maintaining systems and infrastructure by carefully managing the Programme of Work

8. Ensuring you maintain the EPA's systems and infrastructure while balancing investments for the future is critical to the organisation's ongoing development. Providing careful management and

oversight of the EPA's Programme of Work (i.e., the EPA's corporate and system improvement projects) will be crucial, as well as making clear-cut decisions on initiating, cutting, or deferring non-essential work projects. You are using a deficit budget approach to implement the Programme of Work using the accumulated cash reserves. Therefore, you will need to keep the Ministry informed of any significant deviations from the financial forecasts.

Increasing your focus on running effective and responsive compliance, monitoring, and enforcement activities

9. You are about to expand your compliance, monitoring and enforcement role across legislative and regulatory regimes. The new Enforcement Unit will see you stepping into the enforcement of the Resource Management Act 1991 for the first time, with your role being tested ahead of being given formal powers. Working with local government, where possible, and engaging the public will be key to your success.

Considering and including everyday New Zealanders, working effectively with iwi/Māori

10. We want to emphasise the importance of considering and including everyday New Zealanders in your business processes. The EPA has a variety of customers but you must always ensure it can maintain public confidence by being submitter-friendly, and enabling the views of the public to be heard and respected.
11. We encourage you to continue your efforts to be more transparent with parties associated with EPA processes. Maintaining this transparency does not need to be at odds with, or compromise, the EPA's independent nature.
12. We continue to support you progressing the EPA's work on mātauraunga Māori, and engagement with Māori and communities on the safe use, storage and disposal of chemicals in the home environment.

Operational expectations

13. The following expectations relate to the specific legislative functions the EPA performs. We expect that you will continue to play an active role in contributing the EPA's operational and science expertise to policy development led by the Ministry and other key partners. These include WorkSafe NZ, the Ministry of Business, Innovation and Employment, and the Ministry for Primary Industries.

Continuing to improve Hazardous substances – reassessments, enforcement, and chemical modernisation

14. It is important to us that you can build on the EPA's improvements to its hazardous substances systems and processes. We support progressing chemical reassessments, to ensure existing chemicals are managed under the most appropriate and modern controls. We also note it is important to do this work in accordance with statutory processes and timeframes. While you are not directly responsible for safer alternatives to the most harmful chemicals being available to the market, we encourage your work to help facilitate this outcome.
15. We note a Budget Initiative Proposal was submitted to increase the EPA's chemical reassessment work. We acknowledge the effort the EPA has made to find efficiencies in its business. Should additional Crown funding not be granted, we recognise the challenges in the EPA identifying further efficiencies to help support reassessments without compromising other core statutory functions; but still encourage this.
16. We thank you for the thorough approach the EPA has taken to monitoring compliance with existing controls on per- and poly-fluoroalkyl substances (PFAS). The EPA has an important monitoring and enforcement role to help New Zealand meet its commitments under the Stockholm Convention on Persistent Organic Pollutants. The National Implementation Plan under the Convention was updated in 2018. We expect the EPA to be clear about its

responsibilities and functions under the updated Plan, particularly in relation to the enforcement of other previously banned persistent organic pollutants.

Continuing your role for new organisms from last year

17. The regulatory and policy work on new organisms continues to be a contentious area with high public interest. The Government does not intend to change the law. As noted in the Letter of Expectations 2018/19, while we appreciate your willingness to facilitate a public debate, it would be the Ministry's role to facilitate this should it occur.

Having a voice in/on the resource/environmental management system

18. The EPA is a significant player in the environmental management system. Where appropriate there are opportunities for the Board to provide a valuable, independent voice in the system. We invite you to form a strategic view on the performance of the resource management system to date, in light of the report released by the Environmental Defence Society, *Reform of the Resource Management System: The Next Generation*.

Regularly monitoring implementation of your regulatory functions

19. As a regulatory agency, we expect you to be regularly reviewing and monitoring the implementation of your regulatory functions. We note the EPA is close to completing its review of the hazardous substances compliance, monitoring, and enforcement regime, being done in conjunction with the Ministry.

Continuing to work productively with Emissions Trading Scheme agencies

20. We are pleased with your positive engagement with Emissions Trading Scheme (ETS) agencies this past year. We expect a number of changes to the ETS midway into the new financial year, with potential operational implications. We encourage you to continue working productively with ETS agencies to plan and prepare for them.

Running an environmentally sustainable, lower-emissions organisation

21. We are pleased to see the EPA has joined the Certified Emissions Measurement and Reduction Scheme. We look forward to seeing initiatives aimed at making your business practices more sustainable, and reductions in your environmental and emissions footprints.

Complying with the State Services Commissions' model standards on information gathering and public trust

22. Last year, the State Services Commission released new model standards for all State sector agencies collecting information associated with regulatory compliance, law enforcement, and security functions. We expect the EPA to be fully compliant with these standards as requested by the Commission and that you will work through any outstanding issues with the Commission or partner agencies if required.

23. We invite you to meet with us at any stage if you wish to discuss our expectations for the EPA.

Yours sincerely



Hon David Parker
Minister for the Environment



Hon Eugenie Sage
Associate Minister for the Environment

