

Cabinet Mandated Review of Efficiency and Effectiveness of the Environmental Protection Authority (EPA)

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Acknowledgement

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Purpose and Scope, Exclusions, and Peer Review

1. Purpose and Scope

The Review was mandated by CAB Min (10) 19/9 that directs the Ministry for the Environment (MfE) to initiate a review of the effectiveness of the EPA three years after the EPA becomes operational (1 July 2011).

The Terms of Reference for the Review are contained within Appendix 1.

The Review comprised of two key components:

- i. Evaluating the effectiveness and efficiency of the EPA, including the EPA's governance and the role of the Māori Advisory Committee (Ngā Kaihautū Tikanga Taiao)
- ii. Reviewing the fiscal sustainability of the EPA, including a high level assessment of its operational efficiency and the impact of this on funding needs and an evaluation of its cost recovery practices

Specific areas of focus were:

- Whether the EPA is meeting the objectives for its establishment, in particular whether services are provided as cost effectively as is reasonably possible
- Assessing how well the EPA is delivering its core business, including how well placed it is to meet future challenges
 - this should include an evaluation of the EPA's current performance and its ability to discharge its functions in the future based on past experience
- Assessing whether the anticipated benefits of having an EPA are being realised (i.e. achievement of purpose) [CAB (10) 270 refers], in particular:
 - provision of greater central government direction¹ and consistency in the management and regulation of the environment
 - consolidation of regulatory and technical skills
 - building on synergies between similar functions and powers
 - Provision of certainty of process for natural resource users and applicants through clarifying responsibilities.

2. Exclusions (Out of scope)

The following aspects are out of scope for this review:

- a. Existence of the EPA.
- b. Development or transfer of new functions.
- c. Legislation amendments to implement any of the findings. The decision to make legislative change is in scope, but the making of those changes is out of scope. This includes the cost recovery components as well as other possible changes to the Environment Acts.
- d. The effectiveness of the Environmental Acts implemented by the EPA (as defined in the EPA Act).
- e. Review of individual decisions made by the EPA or Boards of Inquiry.

3. Peer Review

Jenn Bestwick was contracted by MfE to peer review the Review process findings and final report. She participated in the initial 'What matters meetings', the Hui with Ngā Kaihautū, and met regularly with myself to review progress and input and challenge findings. This report is fully supported by both Jenn and myself.

Review Methodology

This Review applied the SSC Performance Improvement framework (PIF) (www.ssc.govt.nz/pif). Applying the PIF enabled a short focused evaluation of clarity of organisational purpose, and organisation capability to deliver on the organisations' purpose and value-add for New Zealand. Progress to date and readiness for the future was evaluated. The review methodology involved inquiry diagnostic interviews (including staff focus groups), supported by documentation. The PIF process identifies key strategic drivers underpinning performance readiness- it is not an in-depth detailed operational evaluation. Appendix B lists the internal and external parties interviewed for the Review. A Hui was held with Ngā Kaihautū.

Prior to the Review commencing the EPA carried out a self-review and made this available as input into this Review. In addition MfE undertook a Stakeholder Survey (Appendix C) of stakeholders who were not interviewed as part of the Review. This survey was sent to 56 organisations with a 36% response rate.

A 360 governance survey was completed of the EPA Board and the results fed into the Review, as well as the 2014 IBM Kenexa Survey results.

Review Findings, the Future Performance Challenge and Vision, and Recommendations

1. Context

The EPA is a Crown Agent, established under its own Act in 2011 to be New Zealand's (NZ's) single national-level environmental regulator. The new EPA was formed with staff from MfE, Ministry of Economic Development (MED) and Environmental Risk Management Authority (ERMA). It had a change management project Board and designated project team from the three organisations.

The statutory functions of the EPA are:

- Administration of Nationally Significant Proposals by providing support to Minister appointed Boards of Inquiry under the Resource Management Act 1991 (RMA)
- Operation of the New Zealand Emissions Trading Scheme and New Zealand Emission Unit Register under the Climate Change Response Act 2002 (CCRA)
- Regulation of pesticides, household chemicals and other hazardous substances, and new organisms including genetically modified organisms; processing applications for hazardous substances and new organisms under the Hazardous Substances and New Organisms Act 1996 (HSNO)
- Regulation of ozone depleting substances under the Ozone Layer Protection Act 1996 (OLPA)
- Regulation of hazardous waste exports and imports under the Imports and Exports (Restrictions) Act 1988
- Consenting and monitoring activities taking place within the Exclusive Economic Zone (EEZ) and Continental Shelf under the Exclusive Economic Zone and Continental Shelf (Environment Effects) Act 2012.

In 2014 the Government moved responsibility for setting health and safety rules relating to exposure to hazardous chemicals in the workplace passed from EPA to WorkSafe NZ.

The anticipated benefits of having the EPA were:

- provision of greater central government direction and consistency in the management and regulation of the environment;
- consolidation of regulatory and technical skills;
- building on synergies between similar functions and powers; and
- provision of certainty of process for natural resource users and applicants through clarifying responsibilities.

The Cabinet mandated a review (the Review) be undertaken of the EPA three years post establishment. This Report is in response to this mandate and is the first of two components comprising the Review. This component of the Review considered the effectiveness and efficiency (including the EPA's governance and the scope of the Māori Advisory Committee) to date, benefits delivered so far, and readiness for the future.

The second component (undertaken by Deloitte and not included in this Report) considered the financial sustainability of the organisation. It is our understanding that the findings from this component of the Review are consistent and support those in the Deloitte Review.

The EPA's Operating Environment

The EPA operates in a very important but challenging area where parties have diverse and conflicting views. When considering its challenges it is helpful to separate out its ETS responsibilities from its decision-making responsibilities. Its ETS responsibilities link to NZ's global responsibilities and the regulation is most appropriately described as an administration and compliance task which requires robust reliable systems that are well understood by all parties. On the other hand, its decision making responsibilities are in areas that are highly charged with parties holding strong and conflicting views on what activities should be permitted in NZ and its surrounding EEZ and/or under what conditions these should be permitted. As the national environmental regulator the EPA is required to ensure these decisions are made in a robust and transparent way that has regard to the social, cultural, environmental and economic interests of New Zealanders within the country's mandated policy framework. Processes to reach the regulated decisions/rulings rely on sophisticated judgement, supported by accessing the best quality technical expertise, including being able to understand and form judgements on impacts on environmental biological systems which by their very nature will always be uncertain. This is no easy task and while the EPA is only one of a number of NZ's environmental and other regulators (along with Local & Regional Authorities, the Environment Court, WorkSafe NZ, MPI, Maritime NZ and so forth) it will continue to be at the forefront of very contentious issues. This is the environment that the EPA operates in.

The EPA's success and underpinning value-proposition depends on it achieving demonstrable, unquestionable independence in the eyes of all of its stakeholders. This will only be achieved through the quality, transparency and consistency of: its internal and external processes; people; advice and knowledge; and the legislation that it regulates. It will also need to be a learning organisation that takes on new information, anticipates future trends relevant to its areas of responsibility, learns from its own experience and constantly improves its modus operandi to support its independence and to ensure the best decisions are delivered for the country. Finally the EPA must be cost effective and to do this it must have an in-depth understanding of its costs and be prepared to have the leadership conversations with government (in partnership with MfE) regarding changes to the legislation (if this is required) to help them to better manage costs and be effective. This is particularly the case with the NSP and EEZ decision-making processes.

A further reality for the EPA is that it is a relatively small organisation by public sector standards (approx.190 employees), with Crown revenues of approximately \$25M pa, and has a requirement to cost recover in its decision-making areas of regulation from applicants (at various levels- approx. \$11M pa). It does not control the demand (volume and time) for its services. Nor does it directly control the legislative framework it is tasked with administering. These attributes have impacted the organisation's ability during establishment to be able to secure the "best quality" capability; the money available for systems development and operation; and the amount of time and money that are available to work "on the business" versus "in the business".

These challenges are not unique to the EPA and are found in a number of NZ's smaller agencies.

The public sector context overlay under the current government is demanding: greater and greater customer centricity and delivery efficiency; evidence based effectiveness and decision-making; an across (public) systems approach to operating; and a responsibility for long-term stewardship. This overlay demands that Crown agencies, such as the EPA, review and re-engineer how they are operating to meet these demands.

2. The EPA's First Three Years - Achievements

i) Organisational achievements

The EPA's first three years of operation have been reasonably successful and, whilst not totally quantifiable, could be deemed efficient and effective based on its successful establishment, integration, and performance of core functions within budgetary limits. The Crown Entity structure has helped support the independence and objectivity needed to deliver regulation in this demanding area.

In the EPA's early period the Board and CEO committed to a maxim that the organisation would "not drop the ball" through the establishment phase and it achieved this.

Key deliverables achieved during this phase include:

- Establishing the EPA on time and in new premises;
- Responding to all regulatory service demands (applicants) with a high degree of compliance within the legislated operating metrics including receiving and managing respondent submissions in accordance with the various legislative frameworks;
- Absorbing new functions post establishment including the EEZ;
- Responding to all reporting requirements and committing to total transparency supporting this through its website;
- Consistently operating within budget;
- Transitioning the administration and servicing of the Māori Advisory Committee (from ERMA) and integrating it into the operation of the organisation whilst also supporting the Te Herenga Māori network which has been highly valued by Māori (and recognised by the Productivity Commission for being a best practice approach to working with Māori);

- Putting in place appropriate standard governance and organisational policies albeit with limited long term strategic focus;
- Implementing effective working relationships with Ministers, the Ministry for the Environment (MfE), key sector partners, and participating in relevant public sector groups;
- Establishing a reputation with external stakeholder for being approachable professional, helpful, and easy to work with;
- Attracting staff to work for the organisation;
- Migrating over legacy IT systems to support the various functions.

ii) Establishment benefits

Four establishment benefits were identified when the EPA was established. Progress in each of these areas is as follows.

1. Providing greater central government direction on the regulation of the environment

The EPA is responsible for regulating and monitoring only parts of NZ's environmental and natural resources framework along with Local & Regional Authorities, MPI, MoH, Maritime Safety, WorkSafe and the principle environmental policy maker MfE.

The areas of the EPA's responsibility operate under a number of different legislative frameworks. Inherently the existence and variable approaches directed by those frameworks leads to differing standards and processes to regulation of the environment. The opportunity exists to achieve greater consistency of government direction through harmonisation of the applicable legislation.

2. Contributes to efficient, effective and transparent management of the environment and natural and physical resources

In the areas that it has responsibility for, the EPA has tried to implement robust standard processes and provided a high degree of transparency in order to create greater consistency in the management and regulation of the environment. Significant progress has been made in provision of certainty of process for natural resource users and applicants through clarifying responsibilities. The processes are well documented and available on the website. From the interviews undertaken these are well understood by applicants, submitters and decision makers for EPA's areas of responsibility. Improvement opportunities do exist to streamline these further and issue more guidance notes to assist in the efficient use and management of the system.

EPA's stakeholders acknowledge there were challenges for the organisation implementing the new NSP regulation and that whilst advances have been made in regard to consistency further significant opportunities remain (some of which are outside of the control of the EPA).

Over the past year EPA has commenced regulating the EEZ. The legislative structure lends itself to greater EPA controllable consistency however it is too early to fairly assess this. The EPA has continued to deliver its HSNO regulation based upon well-understood standard processes inherited from ERMA. Similarly, stakeholders understand the ETS regulation and how to work with the EPA in regard to the ETS processes that impact them. The EPA still has opportunity to make improvements in the robustness and consistency of application of its standard processes and to remain vigilant that it upholds the standards it has set. This will include addressing the areas of inconsistency contributed by high staff churn and in some instances poor process quality control (for example - what is determined to be commercially sensitive and therefore confidential versus non-confidential information in HS applications). However, whilst the EPA can make improvements in this area the various legislated structures and the variation between these for the different areas the EPA has responsibility for create limitations in achieving this government aspiration.

3. Build on synergies between similar functions and powers

Where possible the EPA has built on synergies between similar functions and powers especially in the areas of hearings. Such as taking learnings from NZ's other RMA processes, and relevant offshore regulators (for example from Norway in regard to Oil and Gas regulation and Sweden in regard to chemical regulation). In addition, executive from the EPA participate in NZ regulator groups, which aim to leverage learnings across organisations. The opportunity to learn and leverage from other non-environmental regulators (including such things as website design, etc.) has not yet been fully exploited. The EPA is taking its own learnings from its experience with NSPs and has looked to leverage these in the design and implementation of its EEZ function (to the extent possible under the legislation).

4. Consolidating regulatory and technical skills

Limited progress has been made in delivering the benefit of consolidating NZ's regulatory and technical skills and this needs to be addressed by the EPA when considering its future operating model. Challenges include the relatively small market in NZ, management of conflicts of interests, and demand for skills between the various stakeholders in this space. Furthermore aspects of the EPA's approach to managing technical skills in this area represent risks to the ability of the organisation to continue to access appropriate skilled resource for aspects of its regulatory and hearings functions.

The strengths that have supported the successful establishment for the EPA of having a short-term operational/transactional focus, and the culture of "not dropping the ball" will limit the organisations transition beyond establishment. The organisation is now at risk of going backwards. Compromises were appropriately made during the establishment phase particularly in relation to deferring development of people management strategies, adopting pre-existing fit for purpose internal systems and processes, continuing with a siloed focus rather than taking an organisational wide approach, and not evolving the consistency of expert advice. However the organisation now needs to evolve beyond this phase onto a more strategic and sustainable platform if it is to deliver the benefits anticipated in the medium term.

iii) Māori Advisory Committee Scope

The Terms of Reference of the Review included considering the scope of the Māori Advisory Committee during its first three years of operation.

The EPA has changed the Committee's role and function from its original mandate as an independent voice of Māori providing advice to the EPA on matters of importance to Māori, to now being principally operational with a large workload providing written analysis and reports on individual applications to feed into the various EPA processes. No extra resource was provided to support the larger workload. Whilst the Committee has performed the current function for the EPA, significant additional workload has been placed upon them and on its members, which has impacted the Committee's ability to provide strategic advice to the EPA on issues critical to Māori relating to the EPA and its areas of operation.

The key concerns raised by the Committee and other stakeholders are that the value of the Committee to the EPA is being diluted by the addition of tasks which are largely the domain of the EPA's operations and that the consequent risk to both the EPA and the Committee is that its strategic contribution is not able to be realised. A review of role was considered in July this year by the Board however this was more iterative in streamlining the existing role rather than recommending a fundamental change in role from operational to providing strategic advice. The future role will include the Board engaging with the Committee on the key strategic challenges for Māori in regard to the EPA's function.

The existing Māori Advisory Committee role needs to be retained as working effectively with Māori as this will be critical to the success of the EPA. Strategic Advice from Māori leaders in this sector will be invaluable and efficient in guiding the Board and organisation to achieve this. However the role of the committee needs to fundamentally change to refocus on providing strategic advice to the Board on issues relevant to Māori (within the EPA's context) in a post settlement era.

iv) Governance

The Terms of Reference for the Review included considering the effectiveness of the EPA's governance during its first three years of operation.

The Board and CEO have led the successful establishment of the EPA along with integrating the new functions it was given post establishment. Establishment demanded a short-term focus and a need to deliver and 'not drop the ball'. This thinking was clearly articulated by the Board owned by the executive and has deeply permeated throughout the organisation.

However, to date the Board has been reasonably passive in driving the longer-term strategic agenda for the organisation. It is now timely for the Board to 'change gears' and lead the organisation in a more strategic future focused manner - focusing on its effectiveness in administering the legislation it regulates against government objectives and delivering the benefits that underpinned the establishment of the organisation. It is not enough for the Board to ensure the existing legislation is well administered. It must lead the thinking more widely about the context and the future, what this means for the organisation and how to prepare for it.

To date the Board has been open to new ideas and approaches it has been responsive to critical and strategic questions posed by the Minister, but Ministerial expectation is that they

will step up and take the lead versus wait to be asked. The expectation is that the organisation will be “hungry” to understand costs, efficiency, and effectiveness and will demonstrate that it understands and values the time/cost of people participating in its various processes.

The Board’s ability to have clear separation between governance and operations is constrained in some areas by its legislated structural requirements to both participate on hearings panels and make decision on the recommendations of those panels (HSNO and EEZ), and in other instances (NSPs) where it has limited control of the critical quality determining elements of the processes it is administering.

The Board needs to adopt a more forward focus strategic function, whilst still overseeing strong operational performance. To work with the MfE to understand and address the structural elements of its regulation legislation that limit its ability to govern and deliver consistent robust outcomes in its decision making areas of responsibility. Governance of the EPA is no easy job and the choice of appropriately skilled individuals with relevant expertise and experience is critical.

3. Future Performance Challenges

i) Strategic Governance and Achieving True Independence

The leadership of the organisation (Board and CEO) must now firmly grasp the stewardship responsibility to take the organisation from being mechanical and transactional to being strategically focused for the future as well as “doing the day to day job well’. It must think more widely about the context and future, be clear how it prepares for this and clearly carve out its space and reputation as the excellent independent national environmental regulator for NZ. The EPA has the opportunity to embrace its aspiration to be “a world-class environmental regulator” but in order to do this it needs to gain clarity in regard to what this actually means, along with the confidence in its strategic approach as the single national environmental regulator. Failure to do so is likely to see it revert to being overly precautionary in its approach, average in its execution, and ultimately fail to deliver on its objectives and establishment benefits.

ii) Operating Model, Culture, & People Management

The EPA must maintain existing strengths whilst implementing a new operating model, which will ensure sustainable access to the “best capability” personnel, and ensure consistency in delivery quality (process and content), despite workload variability. This includes accessing the best scientific and commercial practitioners in the fields the EPA operates. This will be critical to cement the “independence stamp” for NZ’s national environmental regulator (i.e. to be renowned for its consistency, excellence, rigour and independence) and avoid defaulting to a simplistic approach, which could be overly precautionary or overly permissive. The EPA embracing and embedding a culture of continuous learning, considered improvement, and excellence will also support it.

The organisation must introduce people management systems and processes that support a single organisational culture with a set of values that help drive improved engagement of staff within the organisation.

The EPA also needs to develop its culture to ensure responsiveness to Māori is integral to all of its activities and embedded in its culture.

iii) Focus on Effectiveness (organisational and for the system)

The Board must move to a more rigorous focus on (including quantifying) effectiveness, and identifying the internal enhancements that will improve this as well as working with partner organisations (in particular the MfE) to address legislation and structural impediments impacting effectiveness (outside of the scope of this review).

Greater harmonisation between the various decision making pieces of legislation which the EPA operates under will assist the EPA to take an organisation-wide focus versus the more siloed approach it currently has. This will contribute positively to impacting the ability of the EPA to deliver on the targeted national benefit of building on synergies between similar functions and powers whilst providing greater consistency for process participants.

iv) Strategic Versus Operational Role for the Māori Advisory Committee

The existing Māori Advisory Committee role needs to be retained but fundamentally refocused to provide strategic advice to the Board on issues relevant to Māori (within the EPA's context) and on working with Māori in a post settlement era. This is in contrast with the current operational role that is more about providing a Māori view on specific proposals being considered by the EPA. The strategic challenges include, but are not limited to; ensuring applicants are fully responsible for the burden of demonstrating the impact for Māori. It is not sufficient for applicants to say they believe their proposal will not impact Māori and transfer the burden of proof to the EPA and/or Māori; this is the case in a number of applications to date. The ever increasing workload burden for all Māori in response to demand to participate in consultation is another strategic area requiring focus, particularly in a post settlement era, as is the current reliance for the Ngāi Tahu HSNO committee to take the load for all Māori.

The organisation will then need to determine the most appropriate mechanism in the future to resource providing the formal Māori view into its applicant driven decision making processes rather than relying on the Māori Advisory Committee.

The existing Te Herenga group needs to be maintained to support the EPA working with Māori, and consideration needs to be given to opportunities to further leverage this and other networks across the public system.

v) Fit for Purpose Internal Systems to Support Improved Performance and Independence

Challenges ahead include significantly stepping up operational performance to ensure systems and processes are fit for purpose. This will necessarily include:

- Introducing multi-year planning and budgeting processes (operational and capital); which will include when critical operational projects will be undertaken and how these will be funded (including IT upgrading).
- Planning for and introducing integrated IT systems across the organisation to support future operations.
- Establishing effective monitoring of progress in critical strategic areas (including information management, people management practices, website upgrades, and improving the customer focused delivery mechanisms for services).
- Moving from the existing siloed approach for the various service areas and improving consistent organisation wide practices and applying learning wherever possible.
- Developing a sophisticated way to work with stakeholders to develop a multiyear forward workflow pipeline.
- Delivering the ETS system upgrade project and ensuring that commercial metrics are applied to the registry operations once more active trading and liquidity exists.

vi) Embed Future Operational Improvements Already Identified/Underway

The EPA has a number of operational projects currently underway which need to be completed/bedded down. These include the upgrade of the NZ Emission Unit Register, the new HSNO compliance regime, “closing the loop” between decision making conditions and compliance monitoring in all areas the EPA has responsibility for, further streamlining and embedding learnings in EEZ processes.

vii) Understanding True Efficiency and Reviewing the Funding Mechanism

Further work is needed to determine if existing funding levels and the current cost recovery framework will actually enable the EPA to step up and execute its future stewardship responsibility. Sufficient financial headroom (and flexibility) is required to enable work to be done “on the business” as well as “in the business”. Before this can be determined, quantifiable work is required on the existing efficiency to determine what level of “headroom” is available in the existing funding envelope. At this point in time the organisation has taken an unsophisticated approach to measuring efficiency and does not understand its own efficiency and the opportunities to improve it.

Conclusion

The Board and CEO are aware of a number of these challenges and opportunities but are only in the early days of focusing on how they will approach them, and/or commissioning work to support the internal improvements required. Budget, negative past experiences (“tried this before”), and legislation deficiencies cannot be used as excuses for not progressing these. The organisational culture and values must be further enhanced and embedded to support the future modus operandi.

4. Future Vision - What will success look like?

In four years time the EPA will be highly regarded internationally and by NZ applicants, submitters and the wider NZ public, as NZ's national independent environmental regulator. Administering sophisticated and rigorous processes which result in timely, sensible, sustainable and affordable decisions for proposed commercial, scientific, and community projects.

Its decisions will be credible, balanced and align with policy and judicial settings reflecting New Zealand's social, cultural, economic and environmental interests. As such the EPA will be respected by the wider NZ public for the integrity, transparency and consistent application of its considered regulation.

Across the international regulatory network, the EPA will be respected by its peers as smart, adept, innovative in its operations, providing excellent stewardship of NZ's environmental regulatory legislation.

The EPA will have achieved this status through designing and implementing an enduring operating model (linked into NZ's other centres of technical expertise – both scientific and commercial) that enables it to access and afford on a consistent basis the best quality expertise for all of its decision making processes. The expertise it provides is underpinned by respected peer review processes that encompass both international and domestic expertise and experience. The model enables the EPA to breathe and is responsive to demand. Corporate memory is embedded into the organisation supported by a stable technical workforce and fit for purpose IT systems and internal processes that are valued by staff and stakeholders. This underpins the demonstrable effectiveness and efficiency of the organisation and enables the organisation to leverage information and expertise over time.

The EPA (along with MfE) has driven the refinement of the NSP and EEZ decision making processes which are now streamlined, politically independent, consistent, involve the right decision making expertise on the decision making bodies, and are valued by applicants and submitters for their ability to reach timely rigorous decisions based on sophisticated understandings of scientific method, prediction and management of uncertainty. Use of these processes is cost effective and efficient for all those involved against relevant benchmarks. Harmonisation of decision making legislation has been achieved which enables greater leverage of technical and process expertise.

The EPA legislation and the specific environmental legislation it administers authorise the EPA Board to provide effective governance of the organisation. The legislative structural impediments that had previously impacted on effective governance have been resolved. The Board focuses on ensuring the processes followed by the EPA are robust and independent, deliver effective and cost efficient regulation, and that the organisation is well prepared for the challenges ahead.

The new ETS register is now operating and KPIs are in place that reflects commercial operation for this highly liquid exchange.

The EPA is renowned for the way it works with stakeholders including Māori and has enabled Māori to work effectively with the EPA processes. This has been achieved through resolving strategic issues with Māori by the Board identifying and finding solutions to these issues in partnership with its Māori Advisory Unit Ngā Kaihautū. It also has established processes to proactively work with submitters and applicant organisations and get their input into forward workload planning, identification of emerging issues, process improvement, etc.

5. Conclusion and Recommendations

The EPA has worked successfully through its establishment phase but looking forward the organisation is going to be operating in an increasingly complex area that will be under greater and greater scrutiny. Being successful for NZ in this environment will require excellence in operations and analysis along with the application of sophisticated and rigorous judgement. In the area of implementing the ETS the EPA is well prepared.

In the decision making areas if a change of approach is not now adopted the EPA risks becoming a bureaucratic process driven regulator who is precautionary in delivering its regulation because it isn't accessing the best expertise, ensuring excellence in its operational processes nor does it have the right structural arrangements in its legislation. Further, effectiveness measurement is not part of the organisations' current DNA. The existing modus operandi risks not delivering what is required.

Future value will be achieved from the EPA Crown Entity if the following recommendations are adopted. Many of these recommendations will put the organisation on the path to making sound appropriation bids and requests for further investment over the medium term:

Role of the Board

1. The Board urgently increases its focus on its longer-term stewardship responsibilities, taking control of the organisation's strategic agenda and striving for excellence and a reputation for independence and robustness in everything the EPA does. Refinement of its governance processes will assist this.

Role of the Māori Advisory Committee

2. The Board redefines the role of the Māori Advisory Committee, seeking advice from the committee on critical strategic areas for Māori related to successful implementation of the regulations the EPA has responsibility for and raising the expectations of all participants in the EPA administered processes in relation to Māori. This will include shifting the burden of responsibility for consultation with Māori to applicants, and will also require the EPA addressing how and when it resources a Māori view input into its decision making processes.

EPA's operating model

3. The Board drives the development of a new operating model that will enable the organisation to be responsive to demand ensuring the organisation has access to the “best” and stable technical (scientific and commercial) capability available and can deliver consistent quality process outcomes. This will be a strategic resourcing model that anticipates and responds to the organisation’s need to draw upon variable external resource from partner organisations. Responding to workload and subject matter demands reflects both the unique New Zealand environmental context and the developments internationally and that takes a strategic approach to management of conflicts of interest and capability requirements.

Harmonisation of the regulatory framework

4. The Board establishes processes and measures to really understand the organisations own effectiveness and that of the wider decision making frameworks that it is responsible for. Working in partnership with MfE (and other sector partners) in a proactive manner to drive improved provision of greater central government direction and consistency in the management and regulation of the environment (particularly related to NSPs and EEZ legislation). This will include considering emerging policy that is not yet in legislation and determining how this can be accommodated into current decision-making. This will necessarily look at enhancing the existing legislation, including addressing the current structural requirements which are impacting the ability of the Board to govern. The latter includes enabling the Board to control the appointment processes for BOIs and decision making committees to ensure the right capability is present, and removing the need for Board members to sit on the decision making bodies. The latter then fully empowers the Board to focus on the governance of the these decision making processes, rather than finding itself being both “judge and jury” with its members being involved in the actual decision processes themselves rather than the Board assuring the quality, robustness and consistency of the processes. Going forward the Board must be able to directly control and be held accountable for all aspects of the quality and sophistication of the decision- making processes that it is responsible for implementing. Opportunities for greater harmonisation across the regulatory framework should be considered at this time which will lend itself to increased internal efficiencies and the breakdown of internal silos within the EPA, and assists easier external understanding on how to deal and work with the EPA.

Business planning, financial forecasting and funding

5. The Board establishes a robust long-term operational strategy. This includes capital forecasts with a detailed and tested operating budget to support its future focus. Implementing already identified projects, as well as identifying the other priority internal processes and systems that need to be addressed to make the organisation “fit for purpose” and most importantly, customer centric.

6. The Board works to determine if existing funding levels and the current cost recovery framework will actually enable the EPA to make the step change required, and execute its future stewardship responsibility, working with MfE to resolve any material issues identified. This will require the Board to first understand its existing efficiency.

Future Board appointments

7. When considering the future Board appointments, the Minister takes into consideration the organisation's changing focus and continues to consider the need for the Board to understand and administer regulation in an area that is at the forefront of very contentious issues, where quality decision-making requires a highly sophisticated approach.

Understanding as much of the work of the EPA requires expert oversight of complex and challenging technical and procedural issues, which in themselves often have a high degree of uncertainty.

Follow-up review

8. Consideration to be given to a follow up PIF style independent review to ensure progress is made in response to the recommendations arising from this review, as delivering on the above recommendations will be critical if the EPA is going to continue to be beneficial to NZ.

Support from MfE

9. Drawing on its own experience of organisational change and developing strategic documents MfE:
 - a. works as a strategic partner with the EPA to develop a plan to action these recommendations
 - b. as appropriate provides guidance and plays its part to assist the EPA in implementing the plan, and
 - c. through its monitoring function monitors on-going implementation of the plan.

Agencies Overview – History, Purpose, and Context

Agency Context

The EPA is a Crown agent, established in 2011 under the Environmental Protection Authority Act 2011 to be the single, national-level, environmental regulator, replacing the former Environmental Risk Management Authority (ERMA). The key feature of the Crown Agent structure is that it separates the functions of the EPA from Ministerial influence. Ministers cannot give directions on a statutorily independent function of any Crown Entity, nor direct a Crown Entity to bring about a certain result. This creates a clear split between the policy functions of the Ministry, and the implementation and technical functions of the EPA.

The EPA is governed by a Board of six to eight members (currently seven) appointed by the Minister for the Environment, and has its own Māori advisory committee Ngā Kaihautū Tikanga Taiao. The EPA has approximately 190 permanent and fixed term staff, the majority located in offices in Wellington, with four staff working from a conjoint office in Auckland.

The EPA was established to more effectively, efficiently and transparently manage the regulation of New Zealand's environment and natural resources with the desired outcomes being:

- Greater central government direction and consistency in the management and regulation of the environment by having one organisation responsible for national-level regulation.
- Achieving efficiency and performance gains, reducing unnecessary duplication, by a concentration of scarce technical skills, grouping similar activities and functions together in one organisation.
- Improving the certainty of process for natural resource users and applicants by clarifying responsibilities.
- Dispelling public perception of undue political influence by Ministers over regulatory decision-making.
- Creating a clear split between policy functions of MfE and implementation and technical functions.
- Minimising additional marginal costs to government.

The legislated objective of the EPA is to undertake its functions in a way that:

- a. Contributes to the efficient, effective and transparent management of New Zealand's environment and natural and physical resources
- b. Enables New Zealand to meet International obligations.

The original statutory functions of the EPA were:

- Administration of Nationally Significant Proposals by providing support to Minister appointed Boards of Inquiry under the Resource Management Act 1991 (RMA)
- Operation of the New Zealand Emissions Trading Scheme and New Zealand Emission Unit Register under the Climate Change Response Act 2002 (CCRA)
- Regulation of pesticides, household chemicals and other hazardous substances, and new organisms including genetically modified organisms; processing applications for hazardous substances and new organisms under the Hazardous Substances and New Organisms Act 1996 (HSNO)
- Regulation of ozone depleting substances under the Ozone Layer Protection Act 1996 (OLPA)
- Regulation of hazardous waste exports and imports under the Imports and Exports (Restrictions) Act 1988

In 2012 additional functions were added:

- Consenting and monitoring activities taking place within the Exclusive Economic Zone (EEZ) and Continental Shelf under the Exclusive Economic Zone and Continental Shelf (Environment Effects) Act 2012.

In 2014 the Government moved responsibility for setting health and safety rules relating to exposure to hazardous chemicals in the workplace passed from EPA to WorkSafe NZ.

The EPA is funded through Vote Environment with an appropriation of almost \$25 million.

Further revenue of approximately \$11 million per year is received through cost recovery fees. Cost recovery is currently carried out across the following work regimes:

- * Nationally Significant Proposals functions
- * Exclusive Economic Zone functions
- * Hazardous Substances and New Organisms functions
- * Emissions Trading Scheme administration – although the limited activities for which cost recovery is currently permitted have never been required

Cost recovery practices are currently inconsistent across work regimes attributable to the different legislative frameworks. This has been considered in detail under the cost recovery and fiscal sustainability element of the EPA Review.

This review is mandated by CAB Min (10) 19/9 which directs the Ministry for the Environment (the Ministry) to initiate a review of the effectiveness of the EPA three years after the EPA becomes operational (1 July 2011). This Cabinet Minute also directs the Ministry to report to the Economic Growth and Infrastructure Committee (EGI) on the outcome of this review.

Results Section

Part One: Government and Review Priorities (GP)

This section reviews the agency's ability to deliver on its strategic priorities agreed with the Government. Whilst the questions are ex-post and guide the Reviewer to retrospective and current performance, the final judgements are necessarily informed by scope and scale of the performance challenge.

GP1 - EPA Effectiveness and Efficiency

As a small agency with limited budget, plus the need to cost recover in much of its decision-making and compliance areas, it is critical that this agency understand costs and true efficiency whilst being highly effective at achieving the organisational objectives. It must have a strong understanding of the time cost benefit for all those involved in its processes and work to ensure these are as efficient as possible. The agency has limited information and/or evidence by which to demonstrate true understanding of its own efficiency and effectiveness. The key priority during establishment has been to live within its funding envelope (which it has successfully achieved), and to try and do a good job to deliver in its decision-making areas. It is acknowledged at all levels within the organisation that it is now important to understand efficiency and effectiveness and it will be a focus for the future now that the organisation is "up and running".

Focus to date has been on achieving timeliness and process delivery metrics, and accomplishment has been strong in this area. Culturally (led from the Board and CEO) the organisation needs to step up and own its accountability for not only delivering regulation within the deemed parameters (covered in the legislation), but also look at efficiency, how it can drive continuous improvement, and determine the effectiveness of its regulatory interventions (in partnership with MfE). The new FMIS will assist improved performance in this area but the organisation will need to ensure it has the analytical capabilities available. In the planning stages for EEZ a stakeholder "ginger group" was used to identify and try to embed efficiency and effectiveness learnings from similar existing processes.

In response to Minister's enquiries the EPA has identified areas for improved efficiency (reduced cost) in the NSP process but to date limited progress has been made with implementation.

A number of aspects of both cost and process efficiency are not in the direct control of the EPA (i.e. they are driven by applicants and/or Boards of Inquiry). The EPA technical staff turnover and the use of contractor's impacts efficiency and effectiveness for all stakeholders. Almost all external parties consulted in this Review across the three decision-making service areas (i.e. excluding ETS) highlighted this issue. Analysis of EPA's technical staff indicates a high rate of staff turnover in this area is factually correct and it is acknowledged that contractors are used to staff up in response to demand for hearings. This is a critical issue for EPA to address. Benchmarking EPA staff costs (i.e. number of staff involved in hearings) for EEZ and NSP hearings (versus other RMA processes) is a further required area of focus.

The EPA will continually need to consider and invest in areas to drive efficiency. Personnel are the largest single agency cost item and over time will impact financial sustainability within the current funding envelope. This has not been recognised by the agency (as financial forecasting is only done one year in advance). It must be addressed without compromising (and in some cases also improving) staff quality and expertise. Increased process efficiency will be a critical tool to achieve this.

Ensuring greatest impact for New Zealand the EPA needs to develop meaningful effective measures that go to the heart of their value proposition and undertake review and analytics to capture these. This may be complex and difficult and will require commitment from the Board

By contrast to the rest of the organisation the ETS group has a dedicated business improvement team (and budget) who are not involved in the day to day business and whose sole role is to implement improvements.

GP2 – EPA Governance

EPA is a Crown Entity and is governed by a Ministerial appointed Board of seven with a good cross section of general skills and experience.

The EPA Board is guided in its operation by a detailed set of policies contained within the Corporate Manual. The manual includes the Board Charter and policies on meeting arrangements; induction of new members; the management of conflicts of interest and Committees; procedure around obtaining the EPA Board's position; fees and expenses; exit procedures and indemnity.

The general consensus both internally and externally is that the EPA Board has been ably led and that the Chair has a very inclusive style that is productive and empowering. At the inception of the EPA a deliberate decision was taken to leverage the benefits of cross-Board membership and the Chair of the EPA Board is also a member of the Board of WorkSafe New Zealand. This appointment has been advantageous to the EPA and is credited with increasing the influence and reach of the EPA.

In addition the Board undertakes two strategy days each year the focus of which to date has been to consider the near future operational priorities of the organisation.

The EPA Board undertakes regular formal self-reviews having recently completed a comprehensive review of its own performance.

For the purpose of this Review, the Boards self-review (which was completed in July 2014) was extended to a 360 ° review with the Executive Leadership Team (ELT) and relevant MfE personnel asked to complete the same questionnaire that the Board had completed.

Feedback from ELT and MfE was consistently positive in regards to:

- Focus and improving performance
- Positively manages relationships with Minister, MfE and Ngā Kaihautū Tikanga Taiao
- Compliance with laws and regulation
- Reaching consensus
- Reaching decisions
- Respecting views
- Open and frank discussion
- Briefed adequately on forthcoming legislation and regulatory changes
- Meeting efficiency
- Membership induction
- Managing Board conflict of interest
- Understanding the boundaries and linkages between the Board and management

Areas for enhancement identified from some members of ELT and/or MfE, (there was not consensus on these matters) included:

- The Board needs to focus on strategic versus operational matters (including linking this into its commitment to improving EPA's performance).
- Improved financial information on performance versus budget (including forward planning and managing finances over multiple years).
- Improved remuneration policies and practices to encourage employees to act in the organisations best interest.
- Determine the Board role and accountability for decisions taken by its sub-committees.
- Improved Board papers to enable them to be more strategic and future focused.

These results mirror those of Board Members.

The Board has positively led the successful establishment of the EPA along with integrating new functions it was given post establishment. Establishment demanded a short-term focus and a need to deliver and 'not drop the ball'. This thinking was clearly articulated by the Board and owned by the executive and has deeply permeated the organisation.

However, to date the Board has been reasonably passive in driving the longer-term strategic agenda for the organisation. It is now timely for the Board to 'change gears' and lead the organisation in a more strategic future focused manner - focusing on its effectiveness and thinking more widely about the context and the future, what this means for the organisation and how to prepare for it.

This could include:

- Gaining clarity and agreement on what being a "world class environmental regulator" means for the organisation.
- Finding ways to understand its effectiveness and how it is delivering on its establishment benefits.
- Resolving a sustainable operating model that will enable the organisation to have staff stability and access the "best" technical capability available.
- Building its independence reputation and closing out issues that undermine this.
- Understanding the priority internal processes and system that require investment in to support customer centricity and organisational efficiency.
- Understand operating in a post settlement area and how this might impact workload, effective consultation with Māori, the over reliance on Ngāi Tahu's HSNO committee, the future role of the Māori Advisory Committee.
- Improving the effectiveness of the NSP and EEZ processes in partnership with MfE.
- Long term capital/system planning to support effectiveness and efficiency etc.

The Board needs to adopt a more forward looking strategic function, whilst still overseeing strong operational performance. This could be assisted by enhanced board paper structure including dashboard reporting and strengthened strategic planning. The ELT needs to become more thinking in their engagement with the Board rather than just passing volume through. Board packs are large and are not well structured to support effective and efficient governance.

When considering the future Board appointments, the Minister needs to take into consideration the organisation's future focus. The Board needs to understand and administer regulation in an area that is at the forefront of very contentious issues. Quality decision-making requires a highly sophisticated approach and understanding as a large degree of the work of the EPA requires an expert oversight of complex, challenging technical and procedural issues, which in themselves often have a high degree of uncertainty.

GP3 – Māori Advisory Committee Scope

The Ngā Kaihautū Committee was transferred from ERMA with the establishment of the EPA. The Committee membership has stayed largely intact and the Committee (with support from the EPA) has sought to introduce some succession planning in recent times by bringing two new members into its membership in anticipation of impending committee retirement.

The EPA has changed the Committee's role and function from its original mandate as an independent voice of Māori providing advice to the EPA on matters of importance to Māori, to now being principally operational with a large workload providing written analysis and reports on individual applications to feed into the various EPA processes.

The current role of the committee has not benefitted from additional resource. While the Committee has performed the current function for the EPA, it has placed significant additional workload on the Committee and on its members and impacted their ability to provide strategic advice to the EPA on issues critical to Māori relating to the EPA and its areas of operation.

The key concerns raised by the Committee and other stakeholders are that the value of the Committee to the EPA is being diluted by the addition of tasks that are largely the domain of the EPA's operations. The consequent risk to both the EPA and the Committee is that its strategic contribution cannot be realised. The Board considered a review of role in July this year however this was more iterative in streamlining the existing role rather than recommending a fundamental change in role from operational to that of providing strategic advice. The future role will include the Board engaging with the Committee on the key strategic challenges for Māori in regard to the EPA's function.

The strategic challenges include, but are not limited to ensuring applicants are fully responsible for the burden of demonstrating the impact for Māori. It is not sufficient for applicants to say they believe their proposal will not impact Māori and transfer the burden of proof to the EPA and or Māori, as is the case in a number of applications to date. The ever increasing workload burden for all Māori in response to demand to participate in consultation is another strategic area for focus, particularly in a post settlement era, as is the current reliance for the Ngāi Tahu HSNO committee to take the load for all Māori.

The organisation will then need to determine the most appropriate mechanism in the future to resource, providing the formal Māori view into its applicant driven decision-making processes rather than relying on the Māori Advisory Committee.

Results Section

Part Two: Delivery of Core Business (CB)

This section reviews the agency's effectiveness and efficiency in delivering its core business. Whilst the questions are ex-post and guide the Reviewer to retrospective and current performance, the final judgements are necessarily informed by scope and scale of the performance challenge.

CB1 – Hazard Substances and New Organisms

The EPA has powers of decision-making under the Hazardous Substances and New Organism Act (HSNO), Ozone Layer Protection Act (OLPA) and hazardous waste under the Import and Exports (Restrictions) Act. Some of the compliance functions associated with these functions are in the process of transferring to WorkSafe NZ.

HSNO

The workload is primarily in the Hazardous Substances (HS) area with limited new organism application (35 in 2013/14). The process for New Organism (NO) is well understood and runs smoothly.

The administration of this regulation was transferred from ERMA. Well-defined processes are in place. The Board of the EPA has delegated the power to hear and decide applications to a committee currently chaired by the Deputy Chair with 7 other members appointed by the Board. The EPA could be more proactive in managing succession on the HSNO committee.

The HSNO Act states that a Committee must include one member of the EPA. While delegations are clear between the Board and the HSNO committee, the EPA Board finds itself in the position of being both "judge and jury" through the requirement to appoint one of its own Board members to the Committee. While not a major issue in the HSNO area this does mean that if the Board is not satisfied with the quality of the processes or decisions from the committee itself, the Board is compromised by also having one of its own members involved in the process in question.

In addition to deciding applications the EPA must anticipate and prepare for future trends, educate the market, reassess previous rulings, and link with compliance monitoring.

Whilst experienced applicants are very familiar with the process and what is required of them. New comers to the process often require assistance from the EPA. Submitters are frustrated by the ability of applicants to sometimes put information critical to their being able to consider the implications of applications into confidential appendices on the grounds of commercial sensitivity.

The EPA agrees that it could be more vigilant on this matter and ensure disclosure is full and consistent.

For Māori input into HSNO decision-making, a heavy reliance is put on both the internal Māori Advisory Committee and externally on the Ngāi Tahu HSNO committee to make submission relevant to Māori. Ngāi Tahu is the only iwi with a HSNO committee and capability often taking the burden for all Māori. The workload in both these areas is likely to increase further in a post settlement era, within an infrastructure whereby the current reliance and model is not sustainable. How this is approached in the future needs to be reviewed by the EPA Board (along with the redefined role for the Māori Advisory Committee). Solutions need to be found in regard to how the continuing demand for consultation with Māori is resolved, and how the consultation burden regarding Māori is owned by the applicant and not transferred to Māori, as is often the case now. Excellent guidelines on how applicants should work with Māori are on the EPA website, however these are not always followed by applicants who seem to be permitted to transfer the burden of determining the need for consultation with Māori to Māori rather than fulfil it themselves.

The EPA often needs to work with applicants to ensure the information provided is of a suitable quality for decisions to be made. This is in contrast to applications made under the Resource Management Act where a sufficiency test is applied to applications and if the requirement is not met it is returned to the applicant to address. As pre application cost is not recoverable and this process is well developed and understood (versus the EEZ) where the discipline around putting the onus on the applicant is not present. The EPA needs to determine its role going forward in this regard because the balance between advising and assisting is critical to maintain the independence of the regulator.

Upgrading of the current HS databases is required and is acknowledged by EPA however no commitment to do this has been locked in. Similarly the approach to reassess tens of thousands of the approved hazardous substances (consistent with progress being made by international comparators) does not have an agreed approach. These strategic resourcing issues need to be resolved.

The reform in the HSNO area is welcomed and the move to tertiary instruments rather than depending on the legislation to be responsive over time will enhance regulation in this area.

Waste and Ozone

The EPA has limited resource in this area and at this point in time is compliance focused. The work in the waste is supported by an across agencies group.

The ETS operation of the New Zealand Emissions Trading Scheme and New Zealand Emission Unit Register under the Climate Change Response Act 2002 (CCRA) was one of the original functions, which transferred into the EPA from MfE at establishment. At transfer the systems and knowhow were well built and functioning and the EPA has maintained this standard of delivery.

The EPA's function is to manage the administration of the ETS and the operation of the NZ Emission Unit Register (NZEUR). The register records the holdings, transfer and surrender of emission units. The EPA is now the main compliance and enforcement agency for the ETS, responsible for verifying that participants are complying with the scheme. The ETS group sits as an autonomous group within EPA in recognition that its functions and skills are very different than the other roles the EPA has responsibility for. The ETS function also has its own separate appropriation through until 2017/18. Within this appropriation the ETS function has capacity for work to be done "on the business" as well as "in the business". There is provision for the ETS function to undertake some cost recovery but to date this has not occurred. This should be revisited periodically.

The ETS function has the responsibility for the registry of units that are held on the Crown balance sheet. Accuracy and security are critical in this area. Traders, commercial purchasers and sector partners (MPI, Treasury, and MfE) all consider that the ETS function works well. All dealings are professional, orderly, timely, and helpful. External parties find the level of service "exemplary". Interested parties report that they are consulted when changes are being made. The ETS group has displayed prompt action whenever there have been any issues.

The ETS group has put in place strong programme management disciplines with a focus on continuous improvement. It operates on an Emissions Register that has limited sophistication but currently building a new system for the future to support the anticipated substantial increased market liquidity, value, and sophistication to deal with a more liquid market which is projected in this area over the next 5 years.

The new system (approx. \$12m investment over 7 years) is scheduled to go live February 2015. The project has been well managed and is on track in regard to functionality, time and cost. It is supported by an effective cross-agency governance structure.

Going forward the ETS groups from EPA and MfE need to develop more sophisticated meaningful market rules and KPI's that will truly reflect commercial performance for liquid registry trading. This will require tapping into expertise that has a strong commercial understanding of trading exchanges.

Challenges for this function will increase in the future and the resource and capability within the group recognise this being well placed to respond. There is limited sharing of appropriate good practices, lessons learnt etc. from the ETS group in a systematic way to the rest of the EPA. This is an opportunity for improvement.

CB3 – NSP

Applicants are thankful that the NSP process exists as it provides a shorter process for decisions to be crystallised (9 months) for large significant development projects with a wide community interest, where the cost of time is significant. However the continued use of this process will depend on a number of issues being addressed to ensure it is rigorous and comprehensive.

The EPA is very receptive, responsive and informative to applicants when they are considering using the process for the first time.

All parties (applicants, submitters and decision makers) find the EPA's administration of the process positive with helpful staff, communicating well, being timely, etc. Although a number of applicants question the cost efficiency noting staffing numbers attending hearings and other forums exceed those they find with other RMA processes. There is no incentive for the EPA to optimise this given costs are all-recoverable. There is concern regarding costs and efficiency by both applicants and the Minister, however the EPA does not have any meaningful information in regard to this.

Decision-making is delegated from the Minister to an independent Board of Inquiry (BOI). The Minister provides approval that the project qualifies to be considered under this mechanism. The Minister then appoints the BOIs with the EPA providing secretarial and support services to the BOI.

Those involved with more than one experience of a BOI process, along with the Minister, note the variable processes between BOIs with the specifics of each BOI process resting with the Judge appointed to Chair the BOI.

During the interviews undertaken for this review, numerous improvements were identified for the BOI process that would improve the rigour, effectiveness and efficiency of this valuable process. Some of these are in the control of the EPA whilst others are structural requiring changes to the supporting legislation. The EPA as the regulator responsible for this regulation has a role to ensure this legislation is highly effective; it must now work with MfE, and the Minister to comprehensively review and enhance the existing arrangements. Failure to do so will limit the usefulness of this potentially valuable process.

Over the past 18 months the EPA has been open to the Minister asking for options to improve certain elements of the process and has provided information when requested, however the EPA has not been proactive in raising the hard questions and approaching improvements in a comprehensive manner (in partnership with MfE).

Whilst outside the scope of this review the following areas were consistently raised during interviews and should be considered as part of a holistic review lead by the EPA.

- Lack of process consistency, and the need for an agreed approach being the pre-requisite for Chairs appointment.
- Variable quality and expertise amongst BOI members, including insufficient capability in understanding scientific method, modelling, and uncertainty as well as decision writing. Lack of the right skills and understanding will default to precautionary decision-making.
- Appointment processes for BOI members.
- Approach to training, expectation management, etc. for BOI members.
- Quality variability of internal EPA prepared reports that play a significant role in the decision-making process. Fees and/or remuneration levels may need to be reconsidered to resolve this.
- Approach to conflict of interest management (the EPA has been asked to address this as part of its 2014/15 Letter of Expectations).
- Timeframe challenges within the 9 months including considering introducing interim decisions, determining when the 9 months should start, having time constraints within the 9 month period, to ensure the decision-making end of the process has sufficient time. This could include the ability to “stop the clock” during processes where to do so will be of substantive benefit to the hearing.
- The process to manage the “balance of voice” presented to decision-makers.
- Internal budget, reforecasting and financial management of the process with applicants.
- Timing and effectiveness of expert conferencing.
- Duplication in expert advice.
- Effective use of technology to minimise costs
- Choice of location of hearings.
- EPA personnel change during hearings and the negative impact this can have
- Time commitments required once hearings underway as a barrier to participation for submitters, and BOI members.

The EPA believes that the cost recovery expectations for NSP limit their ability to be a more than an effective administrator of the NSP process as they are unable to recover the costs for organisational development work in this area of responsibility. Deloitte have done further work in this area.

CB4 – Establishment of the EEZ function

In 2012 the consenting and monitoring activities taking place within the Exclusive Economic Zone (EEZ) and Continental Shelf under the Exclusive Economic Zone and Continental Shelf (Environment Effects) Act 2012 became the responsibility of the EPA. The legislation was passed in July 2012 and took effect in July 2013.

The implementation of the EEZ process to go live in July 2013 was achieved on time and within budget. The EPA used a “ginger group” with Business NZ during establishment of the EEZ regime to ensure commercial stakeholder input was heard and understood. This was positively received.

The EPA Board has delegated decision-making of EEZ applications to a committee but the Board still has ultimate accountability. Members of this committee are appointed by the EPA Board and include at least one Board member. This has the potential to compromise the Board as they have an involvement as both judge and jury within this challenging area - i.e. both oversight of the robustness and integrity of the decision making process as well as being involved in the process itself.

It is early days for the operations of the EEZ with significant work still needed to lock in an effective, consistent high quality process that all parties involved understand and can not only operate effectively in, but which is also respected for being robust and independent. This feedback was consistent across all parties, from the EPA Board itself (understanding its own role), applicants, submitters and the decision-makers involved to date. Observations were made that the way hearings to date have run are starkly different between the different projects. Applicants, submitters and decision-makers all report finding EPA staff helpful and approachable within the process.

This is a complex, sophisticated, and contentious area that requires the right calibre of people within the decision-making committees, who are not conflicted, who can understand scientific modelling and uncertainty. In the absence of the right expertise the committees risk defaulting to a precautionary approach to their decisions. Securing appropriate individuals to sit on the EEZ decision-making committees with the right expertise is critical but a challenge as the time requirement prevents many of the required experts from being available, yet their input into robust decision-making is essential. A second constraint to accessing appropriate expert capability is the issue of conflict of interest. Expertise in this area is constituted from a relatively small number of organisations and individuals, particularly in the NZ context. The EPA needs to give consideration to how it approaches the issue of conflict of interest in this area to ensure it is able to draw upon the pool of limited capability without compromising applicants or submitter’s access at the same time.

Comments were received that the EEZ committees must have appropriate Oil and Gas expertise with some believing this has not always been the case. Solutions to finding the right calibre of people to sit on these committees must be found.

The EPA support for the decision-making committees requires high quality technical staff and this is acknowledged as being variable. Fees and/or remuneration levels may need to be reconsidered to resolve this. The negative impact on applicants of level three staff changes is experienced in this area as with other areas of the business. These issues must be addressed in the operating model redesign.

As the EEZ function is relatively new, the EPA has used the opportunity of post-decision reviews to capture learnings from the processes. This involves a wide range of participants however it is unclear how the lessons learnt have been systematically integrated into the process going forward. This issue is similar to that observed with the post-decision reviews of BOI for NSPs.

CB5 – Compliance and Enforcement

Compliance for all areas excluding the ETS is located under a dedicated unit within the EPA. At the time of the Review the organisation was undergoing significant change in its compliance responsibilities, with some services transferring out of the organisation and the EPA having increased and more effective control over the conditions imposed in regard to HSNO approvals.

Management of the test certification regime and industry education in this area will transfer to WorkSafe NZ once the new legislation is passed. Planning is well underway to support this change with interim arrangements working effectively between the two organisations to enable smooth transition post legislation.

EPA has a critical role to ensure the conditions that are included in decisions are practicable and enforceable. Under the HSNO reforms the role for the EPA will change, with the responsibility transferring to the EPA to set obligations in regard to HSNO through EPA notices (versus regulation). This is welcomed by all parties and will assist EPA to remain current and improve effectiveness within this area. Where the EPA relies upon external organisations to deal with compliance and enforcement, there are established linkages between the various agencies to achieve this. There is significant opportunity to improve the effectiveness of monitoring and enforcement in NZ and this is acknowledged but would require significantly more resource.

In the area of EEZ the EPA will be monitoring 100% of permitted activities and where organisations are found to be non-compliant they will be exposed to further monitoring. No thought has been given at this stage to moving to a more sophisticated framework that would include self-review and external evaluation, with incentives and sanctions linked to performance. There are framework examples that EPA could leverage from other NZ regulators to ensure this is efficient and effective. More work is required in this area.

Organisational Management Section

This section reviews the agency's organisational management. The questions focus on ex-ante and often guide the Reviewer to future and current performance. Final judgements are informed by the scope and scale of the performance challenge.

Part One: Leadership, Direction and Delivery

Purpose, Vision and Strategy

How well has the agency defined and articulated its purpose, vision and strategy to its staff and stakeholders?

How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?

The organisation has recognised that it must transition from "establishment". In February 2014 the Board adopted the vision of becoming a "world leading environmental regulator" and underpinned this with four strategic intentions. This was shared throughout the organisation in July 2014. Progress is being made in these four areas. The vision, intentions and values are summarised onto one page and are clearly visible throughout the organisation. It is early days, the currency/ownership and understanding of what this means to staff working with EPA is understandably limited. However, like many organisations, there is a gap between the vision (which is a little nebulous) and the four intentions that are more accurately described as four key operational areas of focus.

The next step is for the Board to take strong ownership of the strategy and describe what success will look like, what the organisation must do to achieve this over the next three to five years, and determine how this will be achieved (while delivering on "business as usual" demands). The leadership focus must shift from short-term and technical, to proactively drive the future strategic focus. The Board and ELT do not have a developed view on what a "world leading environmental regulator" looks like and must build a motivating meaningful narrative around this that will support staff and the organisations independence and future performance.

At the time of this Review the Board and executive were engaged in the early stages of this work.

Leadership and Governance

How well does the senior team provide collective leadership and direction to the agency?

(See also the section on EPA Governance)

The current ELT is a mix of new recruits and some who migrated to the EPA from ERMA. Whilst the ELT is collegial they are not cohesive in terms of their aspirations for the organisation and the areas of focus for the future. The most significant conflict within the executive relates to the need to have long-term strategic focus, versus being a reactive regulator.

The need to look at the operating model and the opportunity to improve staff turnover and quality is not collectively owned by the senior team at this time, with some seeing the existing staffing arrangements as a consequence of being a regulator responding to demand rather than something that the EPA needs to proactively manage in the best interests of the organisation. Workforce planning is reactionary and limits effective on-boarding. This is recognised by those responsible for people management within the EPA who are identifying solutions to improve this. There is currently no people strategy or leadership development framework in place. There has been good quality piecemeal investment in leadership development especially at level 3.

Disciplined review, analytics and benchmarking aligned with a clear strategic context must underpin this future leadership modus operandi.

Values, Behaviour and Culture

How well does the agency develop and promote the organisational values, behaviours and culture it needs to support its strategic direction?

The underpinning cultural /behavioural driver which was embedded in the organisation at establishment was 'don't drop the ball'. In 2012, in conjunction with the development of the organisation purpose, the ELT work-shopped with staff the development of the values that would support the vision and mission for the organisation going forward. These are clearly displayed around the organisation. Each month staff awards are given to staff /activities that demonstrate these values. However there is still a way to go to embed these new values in favour of 'risk adverse', 'ERMA save as', 'and can't do it' values/behaviours that exist. This is recognised with a program of work linked to the development of the people strategy (commenced at the time the Review was being completed), and internal process and system improvement, will be needed to achieve this for the organisation as a whole.

Structure, Roles and Responsibilities

How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business?

How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?

The EPA has a clear workable structure with three distinct operational business units focused around the ETS, compliance, and the EPA's decision-making functions. A standard corporate services unit, a policy and legal unit, and the Kaupapa Kura Taiao group support these operating units.

The policy unit is charged with translating government policy and decisions into operational policy (e.g. in the new area of EEZ and HSNO reform), providing feedback to MfE, and assisting the organisation with its strategic responsibilities. Up until recently work in this area has been reasonably ad hoc and budget constrained. It is not integrated into a coherent organisational commitment and approach to planning to support the delivery of the benefits expected from the organisation (see Purpose Vision and Strategy).

Staff find the structure to be siloed and hierarchical. They often don't know the people outside of their own area and do not find systematised organisation wide processes embedded to support their functions. They do find their own areas of work clear, know what is expected from them day to day, and enjoy the people they work with. This is reflected in the engagement survey results. Some individual ELT members see opportunity to improve across agency roles and accountabilities to advance the organisations performance.

Kaupapa Kura Taiao notes that whilst they are well respected by their colleagues and by Māori, the organisation does not have a fully embedded attitude to Māori and biculturalism. The organisation sometimes "forgets to ask" for their input into critical areas. Some staff note that the attitude to Māori is better than a lot of public sector organisations they have worked in, while other observe it is not as integrated as others they have been part of.

Staff spoken to believe that lip-service is paid to the high staff turnover and how changes to the operating model could be made to address this.

Review

How well does the agency encourage and use evaluative activity?

The EPA has disciplined processes to monitor and measure delivery of outputs and has a very good track record in delivering to legislated output KPI's. It also has processes in place at an operational level to capture lessons learnt in decision-making (although these vary in rigor and approach but are becoming more streamlined over time). However there is not strong evidence (supported by staff feedback) that the organisation is well placed at systematically actioning these learnings within the area responsible or applying them to other areas within the agency. The variable transfer of learnings is also impacted by staff churn.

In some cases it is considered that identified areas for improvement are outside of the EPA's control but in these circumstances the EPA is not engaging in effective partnership with its system agencies (primarily MfE, but also WorkSafe NZ and MPI) to determine how to progress these.

To ensure greater impact for NZ the EPA needs to develop meaningful effectiveness measures and undertake review and analytics to capture and understand these. This may be complex and difficult and will require commitment from the Board.

Organisational Management Section

Part Two: External Relationships

Engagement with the Ministers

How well does the agency provide advice and services to Ministers?

The EPA has a positive relationship with both the past and new the Minister for the Environment and Climate Change issues. Ministers are positive about the EPA's achievements during the first three years establishment. However all Ministers consulted wish to see the organisation develop far greater robustness in capability/expertise, strategic leadership, and effectiveness. All see this as essential given the pressures of the environment and scrutiny under which the EPA operates. Ministers wish to see the EPA being proactive (versus reactive) in truly understanding effectiveness and efficiency and comprehensively raising areas that must be addressed with both MfE and the responsible minister. It is not enough to be open to ideas for enhancement- their responsibility is to lead this agenda.

The Chair of the EPA meets with the Minister for the Environment quarterly where a wide range of issues are traversed. The CE of the EPA attends weekly meetings with the Minister for the Environment and the GM ETS attends a comparable meeting with the Minister for Climate Change issues. These 'status' meetings also involve the Ministry for the Environment's Executive Leadership Team. Other General Managers meet with Ministers on an 'as needed' basis.

There has been a free flow of information to the Minister for the Environment's office. Many Crown Entities do not have this level of engagement with Ministers.

Sector Contribution

How effectively does the agency work across the sector?

There are a large number of organisations within the NZ government environmental sector, each with different responsibilities and roles. The EPA is connected and well known to those that are important to its functions. These are clearly outlined in its SOI 2014/18. The EPA works in an open and helpful manner, sitting on relevant sector policy working groups (such as those for biodiversity, HSNO, Marine, seismic code, etc.), joint forums, sharing relevant information, etc. The next step for the EPA is to improve its strategic partnering with its sector organisations and work conjointly to address system issues, improve the robustness of NZ environmental regulation performance, and meet the performance benefits that are desired.

This will include working to improve regulation design, determining how to address issues of regulation decisions lagging current policy thinking that has moved ahead of existing legislation, developing differentiated self-assessment frameworks to drive efficiency in compliance, etc.

The EPA aims to draw on the best available science from NZ and around the world to support their assessment and decision-making processes. The current operating model and staff turnover negatively impacts achieving this. Further the EPA has no peer review processes in place to review its advice (when the quality is recognised as being critical to the outcomes of determinations). One of the targeted establishment benefits was for the EPA to contribute to consolidating NZ's regulatory and technical skills. Limited progress has been made in this area and this needs to be addressed by the EPA when considering its new future operating model. Challenges include the relatively small market in NZ, management of conflicts of interests, and demand for skills between the various stakeholders in this space. Furthermore, aspects of the EPA's current approach to managing technical skills represent risks in the longer term to the ability of the organisation to continue to access appropriately skilled resource for aspects of its regulatory and hearings functions.

Collaboration and Partnerships with Stakeholders

How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?

The EPA's stakeholders include applicants, submitters, decision-makers and commissioned experts. As a regulator the EPA has clear roles and boundaries in regard to stakeholder relationships that are generally well understood.

The EPA has both formal and informal mechanisms in place to keep stakeholders informed including conferences, workshops, industry groups, etc. It also undertakes its own customer feedback and debrief following completion of each decision project. Annually this feedback is summarised and reported to the Board. Service level targets are set in the Statement of Performance Expectations for each area of the business and are informed by the various surveys and qualitative feedback processes used by the organisation.

The 2013/14 feedback was received in time for this Review and was reviewed against the MfE Stakeholder survey, which was commissioned specifically for this Review. In addition, the survey information was augmented with input from the numerous stakeholder interviews undertaken as part of this Review (Appendix B). Stakeholders interviewed were resoundingly positive about EPA staff finding them helpful, professional, stating they do their best to try to help and provide useful timely information whilst maintaining appropriate independence. However stakeholders identified the common weakness and area for improvement for the EPA (excluding ETS) being to reduce staff turnover.

For stakeholders this impacts on consistency, efficiency and the quality of expert information the EPA provides into the various hearing processes and therefore their own time/cost and quality of outcomes.

Stakeholders acknowledge that the EPA strives to be robust and independent but that it will not consistently achieve this unless the current inadequacies of its processes and the quality of its own expertise are addressed (see Core Business Areas sections).

Stakeholders commend the EPA on its transparency and openness although they comment that the website could be enhanced. The EPA is aware of this.

The Productivity Commission has recognised the EPA's approach to engaging with Māori using their established Te Herenga network as best practice. Māori also acknowledge this as a very effective mechanism to connect with Māori. Members of Te Herenga are paid by EPA to travel to Hui organised on topics relevant to Māori. Māori expressed caution that these Hui remain as an effective two-way communication forum and do not turn into "talking heads delivering information to Māori". There was some concern that this is starting to happen. Opportunities exist to further leverage Te Herenga for the wider public sector. In addition to Te Herenga, EPA personnel from the internal Kaupapa Kura Taiao group regularly liaise directly with Māori that is valued and effective but not as frequent or consistent as it was when the EPA was first established.

Experiences of the Public

How well does the agency understand customers and citizens' satisfaction?

The EPA has a clear focus on its need to demonstrate high levels of trust, transparency and a detailed understanding of the EPA and its workings. Public interface (outside of participation in hearings) is primarily through the website. The EPA Board has set a KPI for the CE in 2013/14 and 2014/15 financial years that the organisation needs to lift its public profile.

Customer feedback identified that the website is poor, having limited change since establishment. The design is siloed reflecting the organisation's structure and variable in its customer centricity by service. Further refinement of the website is limited by the current website platform and whilst this has been identified as a priority area for improvement this upgrade has not been budgeted for or time lined.

Organisational Management Section

Part Three: People Development

Leadership and Workforce Development

How well does the agency develop its workforce (including its leadership)?

How well does the agency anticipate and respond to future capability requirements?

While basic hygiene, workforce and people processes are in place arguably the most important issue facing the agency is the high level of turnover of its technical operational people (excluding the ETS function where this is not an issue). In the three years since establishment turnover of its technical staff has been 8.63%, 33.93% and 25.49%. Overall turnover in 2013/14 was 18% Like many regulators the organisation has to be geared to be able to respond to demand (in all areas except the ETS function), and that this demand is variable.

The work of the EPA has substantive implications for New Zealand and is complex, highly technical and relies on excellent impartial technical and commercial capability. In the absence of this the default is precautionary or flawed decision-making. The cost recovery expectation demands (especially in the NSP area) that staff resources are not maintained when there is insufficient work as their costs cannot be recovered. The organisation's current operating model addresses this by seconding staff to other areas within the organisation, to other organisations, or using contractors (see Appendix D: EPA organisational chart).

The consistent area for improvement identified by stakeholders was staff turnover and the impact this has on the quality of the interaction, the quality of EPA reports, consistency and efficiency. The issue of consistency relates both to the organisations' loss of institutional knowledge at a global level, and at an individual hearing or application level with staff sometimes leaving part way through a process.

In addition to addressing this fundamental issue and reducing turnover, improved communication to introduce the new person responsible with impacted parties is required when staff changes are made. It also acknowledged internally by the EPA that variability in the quality of EPA reports is an issue that impacts the outcome of processes. Reduced staff turnover has to be supplemented with improved quality control in technical areas including

systematic peer review, greater guidance on parameters and protocols, embedding learnings from previous processes etc.

Staff focus groups reported that whilst they enjoyed their colleagues and the work-life balance at the EPA, they found it a rigid hierarchical organisation that is fragmented and siloed.

Views were voiced that it is deficient in a consistent quality induction, lacking fundamental embedded people processes to support them doing their job and lacking in consistent organisation wide processes for development and performance management. Furthermore, they report EPA is seen as an organisation where you are not expected to stay. They commented that there were sometimes frustrations when contractors were brought in to “do things that are interesting that they could do but weren’t assigned to undertake”.

EPA necessarily relies on contracted external experts to provide particular expert input. It was found that in some instances (through the time requirements and the fees they were prepared to pay) that the EPA was not able to attract NZ’s leading experts (e.g. from within CRIs) to even apply for these roles. It is not sufficient for EPA to have only adequately skilled technical expertise given the complexity and contention in the areas they regulate.

The EPA must clarify its operating model going forward, working with staff and stakeholders to resolve this. This may include working with MfE and the Minister to unlock any impediments to its implementation. A successful model will be built on a stable core competency and critical mass of access to the best’ technical and commercial skills. The value of this capability will be considerable and will underpin the independence and reputation of EPA, and the effectiveness of its work. Given its small size, there are limited career progression options within the organisation so the operating model must also incorporate active talent management strategies that should incorporate a multi-agency, multi-sector basis. These arrangements should also enable EPA to temporarily ramp up for its cost recovery activities with the appropriate quality expertise when required. If the EPA can do this successfully it will assist in delivering the benefit of consolidating regulatory and technical skills

The operating model and workforce quality and satisfaction will also require:

- Significant improvement in internal workforce development, and management processes (Including induction, training, proactive workforce planning).
- Remuneration to attract the appropriate calibre of internal and contracted resource.
- Improved forward multiyear workload pipeline planning (in partnership with potential applicants).
- Working to identify appropriate skilled and experience independent experts and developing panel arrangements to secure access.

There is a commitment to investing and developing in people but implementation is variable across the organisation and not always aligned to the organisational development priorities. Each GM has a decentralised budget but there is no line of sight in regard to organisational capability.

HR is currently undertaking a review of all policies and the delegation framework – most of which have been there since inception. This is timely.

Management of People Performance

How well does the agency encourage high performance and continuous improvement among its workforce?

How well does the agency deal with poor or inadequate performance?

Opportunity exists to improve people performance management for both high performance and to deal with poor and inadequate performance. The new HR Manager has identified this as an area for systematic improvement for the future.

A paper based performance management system is currently in place.

GMs know their own people well, as well as having a high level of knowledge of wider staff, which is evident at the management moderation meetings. EPA has an opportunity to go from “good to great” in the area of people performance management but must link this to the fundamental operating model redesign (detailed above).

Engagement with Staff

How well does the agency manage its employee relations?

How well does the agency develop and maintain a diverse, highly committed and engaged workforce?

At the time of completing the Review EPA was recognised in the IBM Kenexa Best Workplaces Awards 2014 as one of the three most improved organisations in the Medium-Large sized organisation category. This recognised the improvement in the organisations engagement surveys between 2012/13 and 2013/2014. The overall engagement scores for 2014 (Engaged 19.5%, Ambivalent 62.9%, Disengaged 17.6%) are on par with the public sector average, but significantly behind all organisations (as is the case with most public sector organisations). Engagement is positively impacted by the interesting and meaningful work and suggests that staff are engaged with the subject matter and immediate team but disengaged from the wider organisation. Staff value their work colleagues (and in particular their own team), their work environment, and the commitment to high standards of excellence. Opportunity exists to significantly improve engagement through addressing the internal process system inadequacies, systemizing the strengths found in some of the work siloes across the organisation, reducing the siloed way of working, creating an “all of organisation” culture, landing a sustainable operating model supported by a robust people plan, and consistent application of development opportunities for all staff.

Organisational Management Section

Part Four: Financial and Resource Management

Asset Management

How does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery and drive performance improvement over time?

In 2011 EPA became responsible for the NZ Emission Unit Register (NZEUR), which sits on the Crown accounts. In future, if a more liquid carbon market develops, this asset could significantly increase in value. The asset is well managed, supported by documented operations and assurance processes, and MOUs with Treasury, Ministry for Primary Industries and MfE. The register is being future proofed through the implementation of a new system which will go live in early 2015 to provide increased security, better customer service, and support for an integrated trading system. The responsibility for the management of this Crown asset rests within the ETS operational group in EPA.

Capital planning within EPA is rudimentary, short term, functionally focused, with limited strategic overlay. The principle agency assets (after its people) are IT and cash reserves. Whilst many of the IT assets are current, many are not fit for purpose nor aligned to an integrated business model (such as the platform supporting the website). In some instances the organisation operates on paper-based systems (such as HR) where it would be expected usual in comparable organisation that would be an IT system. There is also some system duplication between the different operational silos because they cannot 'cross communicate'. This is understandable, as systems have come over to the EPA when the responsibilities have transferred. This is not sustainable.

Whilst there is a multiyear road map in place for future IT system improvements there is no funding plan to support implementation, nor how or when this will be achieved. The decision to actually proceed with IT implementation projects is piecemeal and is periodically considered against funding availability at the time, including whether to use cash reserves.

The organisation will go live with a new integrated FMIS in the current year. This should drive increased efficiency, timelines, accuracy and provide information that will better enable 'managers to manage'. However in selecting the new FMIS no consideration was given to contracting these services to another Crown Agency that may have provided opportunities for improved efficiency and reduced risk.

Staff also report that there was limited if any structured user input into the new FMIS design and functionality. A project is underway to enable online applications and payments but will not include attributes that will enable real time tracking of applications (which is now a common place customer service attribute).

The Board and organisation need to review its IT needs for the future against the strategic business needs, customer and performance “fit for purpose” criteria. It then needs to lock in a multi-year plan to deliver this, including clearly identifying funding. This work needs to be informed by a view of what is required to provide the desired efficient customer experience and invest in the tools to support this. Whilst some of the program may be funded through accumulated reserves, multi-year budgeting (opex and capex) is needed to ensure this is sustainable.

Information Management

How well does the agency manage and use information as a strategic asset?

Significant opportunity exists to improve Information Management both externally and internally to enable greater leverage from information held within the EPA. Whilst the agency is committed to transparently sharing information and makes this available on the website it is difficult to navigate unless the person enquiring knows where to find it.

Internal systems and practice need to be addressed to avoid duplication, inefficiency and the problems with transfer of knowledge. The current Customer Relationship Management system (CRM) is not valued across the organisation and there is no requirement for it to be used consistently. Use is not championed “from the top” and some areas such as NSP do not consider it fit for purpose. The staff churn exasperates effective knowledge transfer, particularly when the internally available information systems are not being used consistently.

Document archiving is paper based.

An improved approach to Information Management will positively impact efficiency, staff engagement and quality decision-making. This will include both system design, as well as organisational adherence to organisational protocols regarding information management.

Given the low level of experience within the organisation in implementing IT systems improvement, careful consideration will need to be given to managing organisation risk through any systems upgrades planned by the organisation and where appropriate external expertise sought to mitigate against financial and other risks.

Financial Management

How well do the agency plan, direct and control financial resources to drive efficient and effective output delivery?

As is not uncommon in other agencies of this size the finance team operates functionally and lacks depth. It is not seen as a strategic partner in the business and does not undertake the analysis (nor does it have the capability) to provide insight or foresight to the business.

The performance of the team has been hampered by the existing financial management systems and processes with opportunity existing to significantly improve financial information for decision-making once the new system is in place.

Financial forecasting is limited to one year in advance, which parallels the lack of strategic focus within the organisation. The “lack of funding” and “lumpy unknown future workload” is used as an excuse not to plan longer term and prioritise. Most of the work the EPA regulates has long lead times and applicants are willing to share forward plans if asked.

Financial delegation within the organisation is held tightly with rigid sign-off processes that rest with only a few delegated individuals within strict limits. This is inefficient, frustrating and reflects the establishment culture of “don’t drop the ball” to focus on operationalising the day-to-day EPA’s functions without fault or error whilst being fiscally tight.

The budgeting process is bottom up, but in reality it is undertaken on a siloed basis with an expectation that next year’s budget for each area will reflect the previous year, with any surplus to be applied to one-off projects.

The cost recovery regimes do impact the ability of the organisation to fund organisation wide performance improvement initiatives. Better overhead allocation methodology may improve this and it is acknowledged there is opportunity to do this (limited by time and resource). However, in the longer term consideration may need to be given to additional funding to enable investment in the development of the organisation. However, a greater understanding of the current efficiencies being required first in order to quantify what may be required and if it is required at all).

The systems used to budget, reforecast, and communicate costs to hearing applicants is unsophisticated, lacks timelines and needs improvement.

Risk Management

How well does the agency identify and manage agency and Crown risk?

The EPA operates a high-level risk management policy that clearly states the organisation's objectives for and commitment to risk management. The policy sets out a process whereby new risks are reviewed by the ELT and added to the Risk Register along with proposed controls and risk ratings. The Audit and Risk Committee reviews the risk register at its quarterly meeting and approves the mitigations and ratings. The Policy also states that should risks rated as Critical or High (after controls have been put in place) be identified as risks between Audit and Risk Committee meeting the matter is escalated to the EPA Board Chair and the Chair of the Audit and Risk Committee. However, like a number of agencies the focus is more on operational versus strategic risks (such as the effectiveness of the organisation in delivering on its purpose, the ability to be respected as independent, and the relationship this has to staff turnover and quality).

Appendices

Appendix A – Terms of Reference for the review of the EPA, 2014

Appendix B – List of Interviews

Appendix C – Stakeholder survey questionnaire

Appendix D – Environmental Protection Authority Organisational Chart

Appendix A – Terms of Reference for the review of the EPA, 2014

Introduction

1. This document sets out the terms of reference for the 2014 review of the Environmental Protection Authority (EPA).
2. This review is mandated by CAB Min (10) 19/9 which directs the Ministry for the Environment (the Ministry) to initiate a review of the effectiveness of the EPA three years after the EPA becomes operational (1 July 2011). This Cabinet Minute also directs the Ministry to report to the Economic Growth and Infrastructure Committee (EGI) on the outcome of this review.²

Background to EPA

3. The EPA was established in 2011 to be the single national-level environmental regulator. It is a stand-alone Crown agent responsible for national-level consenting and regulatory functions under a number of statutes.
4. The reason for establishing an EPA was to more effectively, efficiently and transparently manage the regulation of New Zealand's environment and natural resources by:
 - a. Providing greater central government direction on the regulation of the environment
 - b. consolidating regulatory and technical skills
 - c. Building on synergies between similar functions and powers.
5. The legislated objective of the EPA³ is to undertake its functions in a way that:
 - a. contributes to the efficient, effective and transparent management of New Zealand's environment and natural and physical resources
 - b. enables New Zealand to meet its International obligations.
6. When undertaking its particular functions under an environmental Act, the EPA must also act in a way that furthers any objectives or purposes stated in respect of that Act.⁴

² In practice, the Minister for the Environment will report back to EGI, not the Ministry for the Environment

³ Section 12(1) of the Environmental Protection Authority Act 2011

⁴ Section 12(2) of the Environmental Protection Authority Act 2011

Scope of the review

7. The Cabinet Minute mandating the review provides limited guidance on the scope of the review. The Cabinet Minute says only that the review is to be of “the effectiveness” of the EPA. The body of the Cabinet paper identifies that the review could include consideration of the scope of the Māori Advisory Committee in relation to the wider functions of the EPA.
8. The review will have two key components:
 - i. Evaluating the effectiveness and efficiency of the EPA, including the EPA’s governance and the role of the Māori Advisory Committee (Ngā Kaihautū Tikanga Taiao)
 - ii. Reviewing the fiscal sustainability of the EPA, including a high-level assessment of its operational efficiency and the impact of this on funding needs, and an evaluation of its cost recovery practices.
9. Each of these components is described in more detail below.

Evaluating the effectiveness and efficiency of the EPA

Description

10. This component will evaluate how effectively, efficiently and transparently the EPA is managing the regulation of New Zealand’s environment and natural resources. It includes evaluating how effectively and efficiently the EPA is delivering its functions and achieving its purpose, as well as its effectiveness as an institution.
11. This component will include review of the effectiveness of EPA governance. This will include a review of the effectiveness of the Māori Advisory Committee, including their terms of reference. As noted above, this aspect was specifically mentioned in the policy paper for establishing the EPA [CAB (10) 270 refers].

Approach

12. The approach to this component will be to apply the Performance Improvement Framework (PIF) methodology to assess if the EPA is achieving what it was set up to do, and how well placed it is to meet future challenges. Applying the PIF methodology will enable an evaluation of the EPA’s clarity of purpose, value-add for New Zealand, and strategy to deliver that value.
13. This component of the evaluation will be both forward and backward looking. Applying the PIF methodology means the review will be about understanding the EPA’s achievements to date, as well as evaluating how well placed it is to manage future challenges. A key part of the PIF methodology is having evidence to demonstrate the results that are being achieved. Therefore it is necessary to

look backwards and assess what has been done, in order to determine the impact the EPA is having and its readiness for the future.

14. This component of the review will be carried out by an external reviewer experienced in PIF-style reviews.

Method

15. As noted above, this component will be evaluated using the PIF methodology. However, the approach will be less intrusive than a formal PIF review. It will use a combination of desktop review, interviews and focus groups. There will be elements of self-review and external review. It is also expected there will be stakeholder interviews.
16. The proposed process will be:
 - a. The Ministry develops the lines of questioning, based on the PIF methodology and in consultation with the EPA, along with a summary of the EPA's functions, as defined in the parent legislation.
 - b. The EPA undertakes a self-review based on the PIF methodology and prepares a report of their findings.
 - c. An external reviewer analyses the EPA's report from their self-review and undertakes any additional analysis.
 - d. A final report is prepared by the external reviewer summarising their findings based on the EPA's self-review and their own investigations.
17. Specific lines of questioning might need to be developed for the evaluation of the purpose of the EPA (i.e. if the expected benefits of having an EPA are being realised) and role of the Māori Advisory Committee. This is because the PIF framework and existing lines of questioning are not likely to lead to this information being obtained.

Specific areas of focus

18. Specific areas of focus will be:
 - Whether the EPA is meeting the objectives for its establishment, in particular whether services are provided as cost effectively as is reasonably possible.
 - Assessing how well the EPA is delivering its core business, including how well placed it is to meet future challenges:
 - this should include an evaluation of the EPA's current performance and its ability to discharge its functions in the future based on past experience

- Assessing whether the anticipated benefits of having an EPA are being realised (i.e. achievement of purpose) [CAB (10) 270 refers], in particular:
 - provision of greater central government direction⁵ and consistency in the management and regulation of the environment
 - consolidation of regulatory and technical skills
 - building on synergies between similar functions and powers
 - provision of certainty of process for natural resource users and applicants through clarifying responsibilities.

Reviewing the fiscal sustainability of the EPA

Description

19. This component of the review will evaluate the EPA's fiscal sustainability by reviewing its baseline funding requirements and considering the potential to optimise cost recovery practices.
20. It is timely to consider the EPA's fiscal sustainability. The EPA was established by bringing together functions and funding from a number of organisations. Additionally, in June 2013 the EPA was given responsibilities under the EEZ Act but its appropriation was not increased.⁶
21. There are two parts to this component, which will feed into each other as appropriate:
 - An evaluation of the EPA's fiscal sustainability to determine appropriate baseline funding and identify potential efficiency gains
 - An assessment of the EPA's cost recovery practices with the possibility of delivering a new charging framework for the 2015/16 financial year.⁷
22. Timing for this component is driven by the need to have any required statute changes to amend the cost recovery framework in place for 1 July 2015, and to have baseline information available for the 2015 Four Year Plan process.

⁵ Note this is not just a role of the EPA; the Ministry also has a role in developing tools to provide central government direction

⁶ A key reason the budget was not increased at this time is because it was thought the majority of the function could be cost recovered from applicants

⁷ The EPA is able to recover the cost for some of its activities from applicants. However, the methods and rates of cost recovery vary across its functions depending on the enabling legislation.

Approach

23. This component will be jointly led by the Ministry's Environmental Science System and Monitoring Team (ESSM Team) and the Business and Finance Team (Finance Team).
24. The Finance Team will work with an external reviewer for the review of the EPA's fiscal sustainability.
25. The ESSM Team will lead the review of the EPA's cost recovery practices. This will have significant input from the EPA, and some input from the Finance Team.
26. The two project teams will work together as appropriate.

Method

27. This component will make use of existing methodologies.
28. The review of the EPA's fiscal sustainability will apply an Independent Quality Assurance (IQA) methodology. This is an accepted methodology that includes evaluating the funding required (including timing of when funding is required or is appropriated), the amount of funding required, and that appropriate processes are in place.
29. The review of the EPA's cost recovery practices and framework will apply the Treasury and Office of the Auditor-General's (OAG) cost recovery guidance. The method for this part of the evaluation will be based on Treasury's 'Guidelines for setting charges in the public sector'. The objectives will be based on both the Treasury guidance and the OAG guidance 'Charging fees for public sector goods and services'.
30. The Ministry will engage with EPA staff to ensure we understand the EPA's current practices, the workability of any proposed changes to the cost recovery regime, and the EPA's view of their fiscal requirements.
31. Questions of efficiency will be relevant in both components 1 and 2. The EPA's self-review findings in the financial and resource management lines of enquiry from the PIF process will feed into the fiscal sustainability review. The external reviewers for each component will communicate on their enquiries and findings with regard to efficiency.

Specific areas of focus

32. Specific areas of focus will be:

- Optimising the cost recovery regime. This includes considering the effectiveness and efficiency of the existing regime, and evaluating the potential for cost recovery of activities that are currently not cost recovered.
- Determining the EPA’s fiscal sustainability (i.e. identifying if there is a gap between funds needed and the funds available through existing baseline appropriation and cost recovery). This includes making recommendations on potential efficiency gains and how to address any gap (should one be identified).

Other relevant work

33. The following pieces of work are likely to be relevant to the review of the EPA (most are underway but currently incomplete).

Piece of work (and project lead)	Relevance	Relevant component(s)
Consenting pathways project ⁸ (EPA)	Should provide an understanding of the effectiveness and efficiency of the EPA’s nationally significant proposal process compared to local government process	1: Effectiveness and efficiency of the EPA
Medium term work, particularly analytical work stream (MfE)	Should contribute to understanding the EPA’s place and role in the environmental management system	1: Effectiveness and efficiency of the EPA
Productivity Commission reviews ‘Towards better local regulations’ and ‘Regulatory institutions and practices’	Will provide a view on which functions are best undertaken by central government (vs. local government), opportunities to improve the regulatory performance of local government, recommended options for regularly assessing the regulatory performance of the local government sector and how to make overall improvements in the design and operation of regulatory regimes in New Zealand.	1: Effectiveness and efficiency of the EPA

⁸ An EPA project to compare the consenting processes for NSP work against the other avenues (local authority processes and the Environment Court)

Policy reviews, in particular for the New Organisms, ETS and EEZ legislation (MfE)	Might provide information on the effectiveness of the different regimes being implemented by the EPA.	1: Effectiveness and efficiency of the EPA
PIF reviews of NZT&E and NZTA	Will provide an understanding of what the PIF reviewers are looking for when reviewing Crown entities	1: Effectiveness and efficiency of the EPA
Guidance on cost recovery (Treasury and OAG)	Provides guidance and principles for cost recovery	2. Reviewing the EPA's cost recovery practices
Cost recovery principles (EPA)	An important input for the review of the EPA's cost recovery practices	2. Reviewing the EPA's cost recovery practices

Out of scope

34. The following aspects are out of scope for this review:

- f. Existence of the EPA.
- g. Development or transfer of new functions.
- h. Legislation amendments to implement any of the findings. The decision to make legislative change is in scope, but the making of those changes is out of scope. This includes the cost recovery components as well as other possible changes to the Environment Acts.
- i. The effectiveness of the Environmental Acts implemented by the EPA (as defined in the EPA Act).
- j. Review of individual decisions made by the EPA or Boards of Inquiry.

Consultation and stakeholder engagement

Consultation with EPA

35. Engaging and consulting with the EPA will be important to ensure this evaluation is successful and that the findings are useful and used.

36. The Ministry will lead the review, but it is expected the EPA will have a key role in components of the review, such as the PIF-style self-review and providing information to support the evaluation of cost recovery practices and fiscal sustainability.

37. In particular, it is expected that:

- a. The EPA will have an opportunity to comment on the scope of this evaluation and the proposed questions. However, MfE retains the right to make final decisions.
- b. The EPA will be informed of how the evaluation is progressing throughout the course of the project. MfE and the EPA will continue to operate on a 'no surprises' basis.

Involvement of the Ministers

38. The Minister for the Environment will be advised of the scope of the review and have an opportunity to comment to ensure the review meets his/her objectives.
39. The Minister for the Environment will also be given an opportunity to comment of the draft of the final Synthesis Report for this evaluation.
40. The Minister for Climate Change Issues will be provided a copy of the Terms of Reference for his/her information.
41. It is anticipated both Ministers will be interviewed as part of the PIF-style review.

Involvement of other Departments

42. The State Services Commission and Treasury will be given the opportunity to participate in the review. The exact form of their involvement is still to be determined.
43. The State Services Commission will be given an opportunity to comment on aspects of the review as it progresses, in particular the scope of the review and use of the PIF methodology. Additionally, the Ministry will link with the PIF hub at the State Services Commission.
44. Treasury has expressed an interest in both components of the review. We will consult with Treasury as appropriate.

Deliverables

45. The main deliverable will be a Synthesis Report summarising the findings of each component of the review. A report will be prepared for each of the components of the review. These reports will be appended to the Synthesis report.
46. It is expected there will be a draft version of the report for discussion with the EPA before the report is finalised.
47. The Ministry will be responsible for preparing the Synthesis Report.

Key dates (indicative only)

48. The dates below provide an indication of when activities might occur. The actual timing of activities will depend on the final scope of the activity.

Activity	Approximate date
Begin review	1 July 2014
Component 1: Evaluating the effectiveness and efficiency of the EPA	1 July – 31 October 2014 <ul style="list-style-type: none">• EPA self-review completed by 15 September• External review September – October (including preparing report for 1 November 2014)
Component 2: Fiscal sustainability	1 July – 31 October 2014
Draft Synthesis Report	28 November 2014
Final Synthesis Report	19 December 2014
Implementation of the recommendations	From February 2015

Project governance

49. A Project Board will oversee this work.

50. It is expected the Project Board will meet monthly.

51. A project lead will be nominated who will have responsibility for the day-to-day oversight of the work.

Appendix B – List of Interviews

Interaction with EPA	Organisation	Interviewee
Applicant - HS	Carter Holt Harvey	Steve Hope, Laboratory Manager
Applicant - NO	Institutional Biological Safety Committee (IBSC)	Dr Jasna Rakonjac, Committee Chair
Applicant - NO, Research Provider	Scion	Dr Warren Parker, Chief Executive
Applicant - NO, Research Provider	Scion	Elsbeth MacRae, General Manager Manufacturing and Bioproducts
Applicant - NSP	Hawkes Bay Regional Council	Liz Lambert, Interim Chief Executive
Applicant - NSP	Hawkes Bay Regional Council	Andrew Newman, Managing Director, Hawkes Bay Regional Investment Company
Applicant - NSP	Hawkes Bay Regional Council	Stephen Daysh, Principal Environmental Consultant
	Hawkes Bay Regional Council	Graeme Hansen, Water Initiatives Group Manager
Applicant - NSP	King Salmon	Grant Rosewarne, Chief Executive
Applicant - NSP	King Salmon	Andrew Clark, Chief Financial Officer
Applicant - NSP	King Salmon	Mark Gillard, Environmental Compliance Manager
Applicant - NSP	NZTA	Geoff Dangerfield, Chief Executive
Applicant - NSP	NZTA	Dave Brash, Planning and Investment Group Manager
Decision-maker	HSNO Committee	Helen Atkins, Committee member
Decision-maker	HSNO Committee	Kevin Thompson, Committee Chair
Decision-maker	NSP Board of Inquiry	Gordon Whiting, Board Chair
Decision-maker	NSP Board of Inquiry	Sir Hugh Williams, Board Chair
Decision-maker	NSP Board of Inquiry	Russel Howie, Board Member
Decision-maker	NSP Board of Inquiry	David McMahon, Board Member
Decision-maker	EEZ Decision Committee	Greg Hill, Committee Chair
EPA Executive	EPA	Rob Forlong, Chief Executive
EPA Executive	EPA	Andrea Gray, General Manager Emissions Trading Scheme
EPA Executive	EPA	Sarah Gardner, General Manager Applications & Assessment
EPA Executive	EPA	Phil Parkes, General Manager Policy & Legal
EPA Executive	EPA	Johanne Spring, General Manager Corporate Services
EPA Executive	EPA	Andrea Eng, General Manager Enforcement & Compliance
EPA Executive	EPA	Linda Faulkner, General Manager Kaupapa Kura Taiao
EPA Staff	EPA	Flora McIntyre, Human Resources Manager
EPA Staff	EPA	Rob McNie, Manager Information Technology
EPA Staff	EPA	Joon Too, Chief Financial Officer
Governance	EPA Board	Tim Lusk, Board member
Governance	EPA	Kerry Prendegast, Board Chair
Government	Worksafe	Ona de Rooy, General Manager of Health & Safety Operations
Government	Worksafe	Brett Murray, General Manager of High Hazards & Specialist Services
Government	MPI	Oliver Hendrickson
Government	Treasury	Clare Hammond, Analyst
Government	Treasury	James Haughton, Analyst
Government	Treasury	Bill English, Minister of Finance
Government	State Services Commission	Mervyn English, Assistant Commissioner
Government	Department of Conservation	Martin Kessick, Deputy Director-General Policy & Regulatory Services (Acting)
Government	Department of Conservation	Guy Kerrison, Planning Manager
Government	Department of Conservation	Eleanor Jamieson, Senior Solicitor
Minister	Ministry for the Environment	Nick Smith, Minister for the Environment
Minister	Ministry for the Environment	Amy Adams, Former Minister for the Environment
Maori - advisory	Te Herenga	Oliver Sutherland
Maori - submitter	Ngai Tahu	Gerry Te Kapa Coates
Maori - submitter	Ngai Tahu	Glenice Paine (note: former Ngā Kaihautū member)
Maori - submitter	Ngai Tahu	Edward Ellison
Maori - submitter	Ngati Kahungunu	Ngaio Tiuka
Maori - submitter	Taranaki Iwi Trust	Liana Poutu, General Manager
Maori - submitter	Tainui Group Holdings	Mike Pohio, Chief Executive
MfE	Ministry for the Environment	Paul Reynolds, Chief Executive
MfE	Ministry for the Environment	James Palmer, Deputy Secretary Sector Strategy
MfE	Ministry for the Environment	Kay Harrison, Director Climate Change
MfE	Ministry for the Environment	Peter Brunt, Director Resource Management System
MfE	Ministry for the Environment	Glenn Wigley, Director Environmental Systems

Interaction with EPA	Organisation	Interviewee
MfE	Ministry for the Environment	Guy Beatson, Deputy Secretary Natural Resources Policy
MfE	Ministry for the Environment	Mark Sowden, Deputy Secretary Organisational Performance & Operations
Other	Audit NZ	Robert Cox
Other	Deloitte	Linda Meade, Partner Corporate Finance
Other	Deloitte	Elizabeth Murray, Manager Corporate Finance
Other	Productivity Commission	Murray Sherwin, Board chair
Other	Productivity Commission	Graeme Scott, Board member
Other	Maritime NZ	Keith Manch, Chief Executive
Other	EPA Self Reviewers	Bruce Anderson
Other	EPA Self Reviewers	Nicola Boland
Other	EPA Self Reviewers	Helen Hanify
Research Provider	Agcarm	Graeme Peters, Chief Executive
Research Provider	MPI	Warren Hughes
Research Provider	Massey University, Centre for Public Health Research	Barry Borman, Associate Director
Research Provider	NIWA	Rob Murdoch, General Manager Research
Submitter	Business NZ	Phil O'Reilly, Chief Executive
Submitter	Resource Management Law Association (RMLA)	James Gardner-Hopkins, Association member
Submitter	Forest and Bird	Claire Browning, Strategic Policy Advisor
Submitter	Forest and Bird	Peter Anderson, General Counsel
Submitter	Forest and Bird	Sally Gepp, Solicitor
Submitter - EEZ	Environmental Defence Society	Nicola de Wit, Solicitor
Submitter - EEZ	Kiwis Against Seabed Mining (KASM)	Malibu Hamilton
Submitter - NO	Sustainability Council	Simon Terry, Executive Director
Submitter - NSP	Auckland Council	Warren MacLennan, Manager North West Planning
Submitter - NSP	Fish and Game Council	Corina Jordan
Trader - ETS	OMF	Nigel Brunel, Director
Trader - ETS	OMF	Naomi Tan, Business and Media Support
Trader - ETS	OMF	Vanessa Campbell, Accounting Manager
User - ETS	NZ Steel	Alan Eyes, Energy Manager
User - ETS	PF Olsen	Erin Leahy, ETS Manager
User - ETS	Carter Holt Harvey	Lyndon Haugh, Energy Manager
User - HS	National Beekeepers Association	Roger Bray, NBA Technical Committee Member
User - HS	National Beekeepers Association	Don Mcleod, NBA Technical Committee Member
User - HS	National Beekeepers Association	John Mclean, NBA Technical Committee Member
User - HS	National Beekeepers Association	Barry Foster, NBA Technical Committee Member
Interaction with EPA	Organisation	Workshop attendees
EPA Staff	EPA	Kaupapa Kura Taiao (KKT) Team
EPA Staff	EPA	Representatives of staff in workshop
Governance	EPA Board	EPA Board Members: Kerry Prendegast, Kevin Thompson, Tim Lusk, Taria Tahana, Nicki Crauford, Gillian Wratt, Kura Denness
Maori - advisory	EPA	Ngā Kaihautū Members: Steven (Tipene) Wilson, James Ataria, James Doherty, Whare māwhai Mina Timutimu, Marino Tahī, Kelly May, Ngaire Burley, James Whetu
MfE	Ministry for the Environment	Policy team workshop: Jacqui Yeates, Natasha Tod, Justin Strang, Helen Bolton, Sue Rundle

Appendix C – Stakeholder survey questionnaire

Section 1 – About the customer

#	Question	Format	Reponses
1	What interaction do you have with the EPA?	Multiple choice - one answer only	Applicant Submitter Applicant and Submitter Interested party Other
2	Which area of the EPA does your organisation have the greatest interaction with? Note: refer to this area when you answer the remainder of the questions	Multiple choice - one answer only	Emissions Trading Scheme / NZEUR Exclusive Economic Zone Resource Management Hazardous Substances and New Organisms Import-Export Applications Other (please specify)
3	Which other areas of the EPA does your organisation interact with?	Multiple choice - multiple answers allowed	Emissions Trading Scheme / NZEUR Exclusive Economic Zone Resource Management Hazardous Substances and New Organisms Import-Export Applications Other (please specify)
4	How frequently does your organisation interact with the EPA?	Rating scale	I do not have any interaction with the EPA Once a year or less Every six months Every 2 - 3 months Other...(please specify)
5	How important is the EPA to the operation of your organisation?	Rating scale	Very important Somewhat important Neutral Somewhat unimportant Not at all important

Section 2 – Connecting with the EPA

#	Question	Format	Reponses
1	How do you typically access information about EPA programmes, policies or processes?	Multiple choice - multiple answers allowed	Website Email Phone In person Other (please specify)
2	How accessible is information about EPA programmes, policies or processes	Rating scale	Very accessible Accessible Neutral Inaccessible Very inaccessible NA
3	In your experience, how accessible are the forms you need:	Rating scale	Very accessible Accessible Neutral Inaccessible Very inaccessible NA
4	How easy is it to identify the right person to engage with?	Rating scale	Very easy Easy Neutral Difficult Very difficult NA
5	Any other comments for this section?	Free text	

Section 3 – Working with the EPA

#	Question	Format	Reponses
1	Thinking of the area you have greatest interaction with, rate the importance of the following: <ul style="list-style-type: none"> • Ease of use • Consistency of advice • Timeliness • Responsiveness • Financial cost • Having a single point of contact 	Rating scale	Very important Somewhat important Neutral Somewhat unimportant Not at all important
2	Please rate your overall satisfaction with the EPA area you have greatest interaction with: <ul style="list-style-type: none"> • Ease of use • Consistency of advice • Timeliness • Responsiveness • Value for money • Having a single point of contact 	Rating scale	Very satisfied Satisfied Neutral Unsatisfied Very unsatisfied
3	Have you dealt directly with EPA staff?	Multiple choice - one answer only. If No, proceed to Section 4	Yes No
4	How would you rate the overall performance of the EPA staff in the following areas: <ul style="list-style-type: none"> • Clarity of process • General level of skill and capability • Knowledge and understanding of the processes in your area of work • Responsiveness • Helpfulness 	Rating scale	Very good Good Neutral Poor Very poor NA
5	Any other comments for this section?	Free text	

Section 4 – Competency and quality of the decision makers in the hearing process

#	Question	Format	Reponses
1	Have you been involved in a hearing process? E.g. with Boards of Inquiry, EEZ Decision Committee, HSNO Decision Committee	Multiple choice, one answer only. Piping question: if No, proceed to Section 5	Yes No
2	How satisfied were you with the level of information provided about the: <ul style="list-style-type: none"> Decision-making (or hearing) process Expected timelines Information requirements (e.g. quality of documents) 	Rating scale	Very satisfied Satisfied Neutral Unsatisfied Very unsatisfied NA
3	Please rate how satisfied you were with the: <ul style="list-style-type: none"> Time taken to set up the decision-making process Duration of the decision-making process (i.e. the hearing length) Your opportunity to participate in the decision-making process Communication about the progress of the decision-making process Transparency of the decision-making process 		Very satisfied Satisfied Neutral Unsatisfied Very unsatisfied NA
4	How would you rate the decision-makers knowledge and understanding relevant to your area of work?	Rating scale	Very good Good Neutral Poor Very poor NA
5	Any other comments for this section?	Free text	

Section 5 – Overall perception of the EPA

#	Question	Format	Reponses
1	<p>How well has the EPA contributed to the following:</p> <ul style="list-style-type: none"> • Centralisation of decision-making • Efficiency of decision-making • Quality of decision-making • Transparency of decision-making • decision-making independent of government • Improved certainty around the decision-making process • Stakeholder involvement in the decision-making process • A value for money process • Delivering on government priorities • Integration of a Māori perspective 	Rating scale	<p>Extremely well Quite well Moderately well Slightly well Not at all well Not applicable / Don't know</p>
2	<p>Finally, do you have any other thoughts or comments about the EPA that you would like to contribute?</p>	Free text	

Appendix D – Environmental Protection Authority Organisational Chart



