

Environmental Protection Agency

Annual Report & Accounts



2004

AGENCY STATUS

The Environmental Protection Agency (EPA) is an independent public body established in July 1993 under the Environmental Protection Agency Act, 1992. Its sponsor in Government is the Department of the Environment, Heritage and Local Government.

The EPA is managed by a full time Executive Board consisting of a Director General and four Directors. Independence is assured through the selection procedures for the Director General and Directors and the freedom, as provided in the legislation, to act on its own initiative. The assignment, under the legislation, of direct responsibility for a wide range of functions underpins this independence. Under legislation, it is a specific offence to attempt to influence the Agency, or anyone acting on its behalf, in an improper manner.

The Agency is assisted by an Advisory Committee of twelve members, appointed by the Minister for the Environment, Heritage and Local Government.

RESPONSIBILITIES

The EPA has a wide range of statutory duties and powers under the Environmental Protection Act. In addition, the capacity of the EPA in relation to enforcement has been enhanced by powers contained in the Protection of the Environment Act, 2003. The main responsibilities of the EPA include the following:

- ▶ licensing large/complex industrial and other processes with significant polluting potential;
- ▶ monitoring environmental quality, including the establishment of databases to which the public have access;
- ▶ publishing periodic reports on the state of the environment;
- ▶ promoting environmentally sound practices;
- ▶ promoting and co-ordinating environmental research;
- ▶ licensing all significant waste disposal and recovery activities, including landfills, and the preparation of a national hazardous waste management plan;
- ▶ implementing a system of permitting for the control of VOC emissions resulting from the storage of significant quantities of petrol at terminals;

- ▶ implementing and enforcing the GMO Regulations for the contained and deliberate release of GMOs into the environment;
- ▶ preparing and implementing a national hydrometric programme;
- ▶ drafting a National Allocation Plan for greenhouse gas emissions allowance trading; the establishment of a National Competent Authority for the issuing of trading permits and allowances to those covered by the scheme; the monitoring, overseeing and verification of emissions from participating companies; and the establishment of a National Emissions Trading Registry;

and, under the Office of Environmental Enforcement, established in 2003 and dedicated to the implementation and enforcement of environmental legislation in Ireland:

- ▶ improving overall compliance with environmental protection legislation in Ireland;
- ▶ raising awareness about the importance of enforcement of environmental protection legislation in Ireland;
- ▶ enforcing IPPC licences and Waste licences issued by the EPA;

- ▶ auditing and reporting on the performance of local authorities in the discharge of their environmental protection functions, including:
 - enforcement in respect of breaches of waste permits,
 - taking action in relation to illegal dumping,
 - implementation of waste collection permits, and
 - enforcement of producer responsibility initiatives (for example, in the area of packaging waste);
- ▶ taking action against local authorities that are not discharging their environmental protection functions in an adequate manner;
- ▶ prosecuting, or assisting local authorities to prosecute, significant breaches of environmental protection legislation, in a timely manner; and
- ▶ assisting local authorities to improve their environmental protection performance on a case by case basis, through the establishment of an enforcement network to promote information exchange and best practice, and by the provision of appropriate guidance.

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Mission

To protect and improve the natural environment for present and future generations, taking into account the environmental, social and economic principles of sustainable development.

Vision

Our Vision is to be:

A powerful agent for change, both in attitudes to the environment and in actions on environmental protection.

An organisation that works to place environmental issues at the heart of international, national and local decision-making processes.

A credible and respected organisation, speaking out courageously for the protection of the environment.

A world-class organisation in which people are proud to work.

Values

Our Values are:

Integrity, independence and professionalism.

Service to stakeholders.

Value for Money.

Respect and support for colleagues.

Openness to learning.

Goals and Objectives

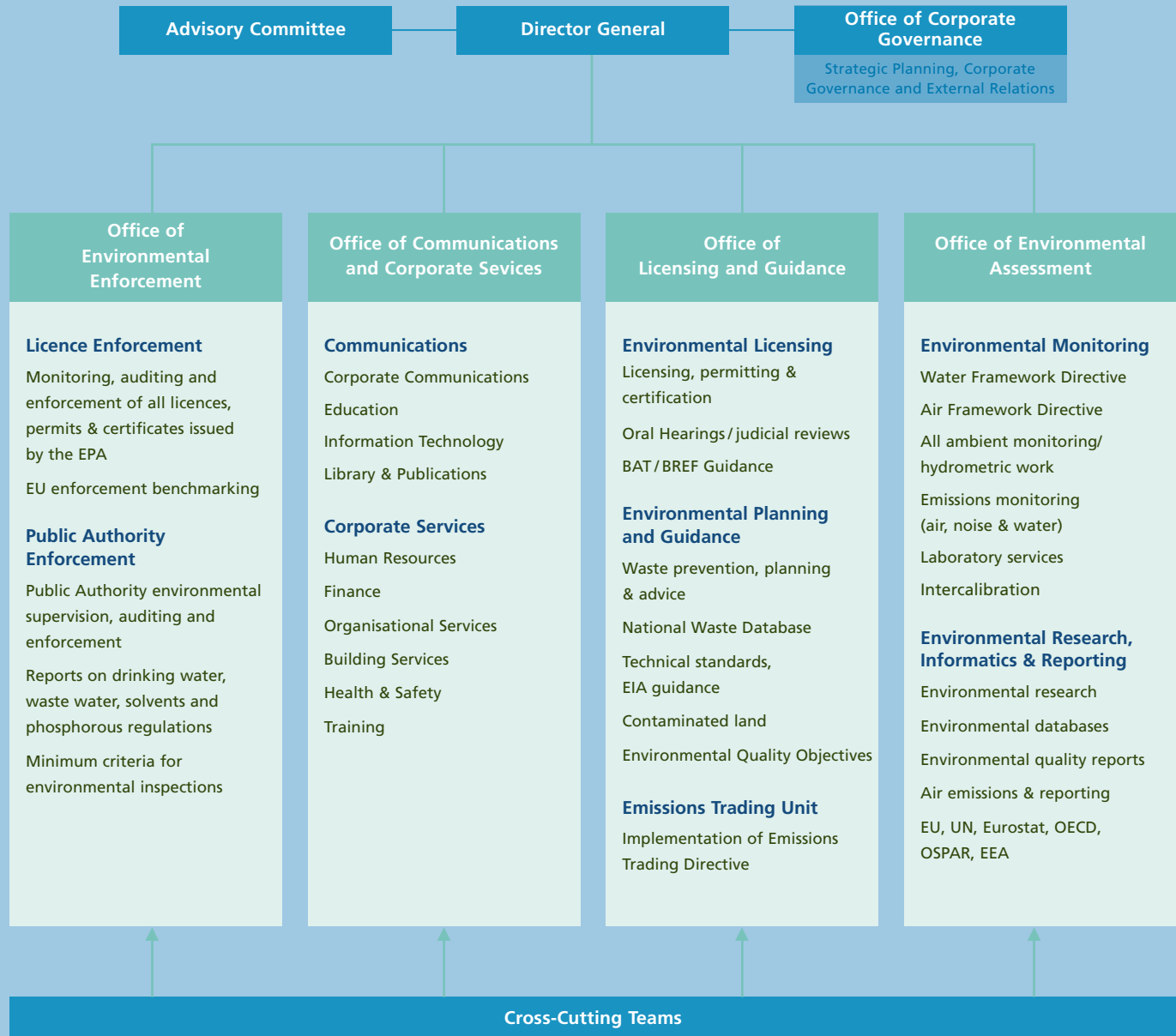
To be a powerful agent for change.

To build a high performance organisation.

To meet the needs of our stakeholders.

To continually evaluate and improve what we do.

Organisational Structure



Board of Directors

Left to right

Mary Kelly · Director General

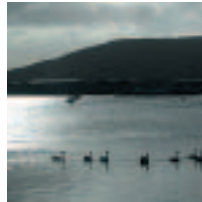
Padraic Larkin · Deputy Director General and Director, Office of Licensing and Guidance

Larry Stapleton · Director, Office of Environmental Assessment

Laura Burke · Director, Office of Communications and Corporate Services

Dara Lynott · Director, Office of Environmental Enforcement





Director General's Statement

2004 was an extremely active year for the Environmental Protection Agency. Delivery on the targets and objectives set out in our Strategic Framework 2003 – 2006 was the focus of activity and I am pleased to report that all relevant targets have been met. Organisational restructuring was largely completed, with the Office of Environmental Enforcement up and running and other Offices reorganised to meet changing requirements and priorities. The fact that environmental issues remain high on the agendas of both the public and politicians at national and international levels is very important from the point of view of the Environmental Protection Agency, while providing many challenges in terms of taking on new work

and continuing to deliver on the commitments already in place. I would like to acknowledge at the outset the staff of the Environmental Protection Agency whose enormous commitment, dedication and hard work allows the EPA to respond in a professional, flexible and effective way to these challenges.

Ireland's environment is under increasing pressure from economic development. The need for measures to protect the environment has never been greater. After a decade in which economic development proceeded at an unprecedented and largely unplanned for rate, Ireland's environmental infrastructure is at last beginning to catch up.

Waste management facilities, poorly managed and largely unregulated up until the late 1990s, are now becoming modern, well run facilities, subject to licensing, inspections, audits and where necessary, prosecutions. Waste management infrastructure is also becoming more balanced with recycling facilities, waste transfer stations, composting facilities and hazardous waste facilities coming on stream and operating to high standards. A measurable shift away from landfill and towards recycling has been observed over the past few years, as recycling infrastructure has become more accessible to business and to the general public. At household level, most households now have access to recycling facilities, with many having kerbside segregation facilities for at least some portions of their waste. However, despite progress in this respect, the actual quantities of waste generated are increasing in an unsustainable manner. Breaking the consumption and production patterns that give rise to this increase is a difficult challenge, but one which must be addressed.

A very undesirable feature of the last decade has been the growth in illegal dumping which has taken place. The criminal practice of taking waste and dumping it in unlicensed and illegal sites both within and outside of this jurisdiction has allowed unscrupulous operators to make vast profits at the expense of the environment and of Ireland's reputation. There is no excuse for this type of activity, and the EPA in cooperation with other enforcement authorities will pursue every available measure to stamp it out. The Office of Environmental Enforcement has made a real impact on illegal activities during 2004, with the establishment of the Environmental Enforcement Network which harnesses the collective resources, expertise and investigative

capacity of the Local Authorities, An Garda Síochána, The Northern Ireland Environment and Heritage Service and the Police Service of Northern Ireland. Enforcement activity was stepped up with two concerted enforcement actions undertaken targeting in particular the illegal trafficking of waste to Northern Ireland. I am confident that prosecutions will follow from these actions and that there will be a further escalation of enforcement in 2005.

Point sources of pollution from industry have largely been dealt with through IPC and now IPPC licensing. Over 500 IPC/IPPC licences have been issued to date and are enforced by the EPA. Reflecting economic success, many applications are for review of licences to cater for expansions or introduction of new product lines. There have also been significant closures of industries since licensing began, reflecting a change in the make-up of the Irish economy.

Very significant capital investment in waste water treatment plants, funded under the National Development Plan 2003 to 2006, has resulted in a big increase in the number of plants with secondary and even tertiary treatment. In the future, emphasis will need to be put on the proper operation of these plants. The EPA will expect to see improvements in water quality downstream. Similarly, capital investment in group water schemes has seen significant improvement in drinking water quality from these schemes. However, it remains at an unacceptably low level, with almost 17 per cent of group water supplies not meeting drinking water standards in 2003. Clean drinking water is a basic requirement of human life and all Irish citizens are entitled to expect that drinking water standards will be met. Further improvements are expected until all drinking water meets the requirements.

Meeting Ireland's international commitments on air emissions including greenhouse gases and acidifying gases remains a real challenge. While emissions trading is designed to deliver real reductions in carbon dioxide levels at European level, it requires a cap on carbon dioxide levels at individual plant level. In a growing economy, companies will have to look to innovative methods of reducing emissions or pay the market price for carbon dioxide. The pilot phase is designed to allow Member States, companies and regulators to learn by doing and to prepare for deeper cuts when they become necessary. So far, the scheme has been successful in getting companies to focus on actual quantities of emissions and has introduced a 'carbon factor' into decision making and future planning. However, Emissions Trading focuses only on large industrial emissions and other measures will need to be put in place for other sectors of the economy if Ireland is to meet its commitments under Kyoto.

Eutrophication of inland waters remains an issue of concern for Ireland. Diffuse pollution from agriculture continues to be a major factor, along with discharge of untreated sewage. Both need to be tackled. The EU Water Framework Directive has as its objective the restoration of good quality to all waters by 2015. The EPA is engaged with many other players in implementing this radical approach to water management. The challenges posed by this Directive should not be underestimated; however, the goal is a good one and worth pursuing vigorously.

Recently there has been much focus on Ireland's development to a 'knowledge economy' and in recent years especially, Ireland has been investing more and more resources towards the production of knowledge. The environmental area is no different to other parts of the economy in requiring the creation and application of knowledge. Through its Environmental Research Technology Development and Innovation (ERTDI) Programme funded under the National Development Plan, the EPA is investing in the creation of knowledge about all aspects of the environment from climate change, through biodiversity, cleaner production, transport, socio-economics, transport, water quality, to waste and resource management. The focus is on developing knowledge specifically relevant to the Irish environment, but also on developing capabilities and building capacity within the Irish system. The ERTDI Programme has funded over 300 projects to the end of 2004 and has plans to continue to fund this important area of research into the future. Results from the projects funded to date have fed directly into evidence based policy making and are being used to support Ireland's participation in international negotiations.

The first half of 2004 was of course the period of Ireland's tenure of the EU Presidency and the EPA was delighted to play its part in what was considered a very successful Presidency for Ireland. As part of the Presidency activities, the EPA hosted a number of international meetings and conferences to further advance research, knowledge development and information sharing at EU and international levels to support policy making and implementation.

The success of the EPA in meeting its commitments and delivering its mandate is based firmly on the skill, expertise and dedication of the staff of the organisation. On behalf of the Board I would like to thank the staff for their hard work and effort in 2004. I would also like to thank the EPA staff Partnership Committee (Meitheal), the Department of Environment, Heritage and Local Government, the local authorities and all other external organisations with which the Agency has worked in 2004 and I look forward to their continued cooperation in meeting the challenges that lie ahead in 2005. In March 2004 the Advisory Committee concluded its three year term of office and I would like to thank all the members for their advice and support over this period.

I would like to express my gratitude to my fellow Directors, for their important contributions to the work of this organisation. I would like to pay special tribute to Declan Burns, former Deputy Director General, who retired in 2004 and to Gerry Carty who stepped down from the Board during the year, and acknowledge the enormous input they both made to the EPA. They have been replaced on the Board by Laura Burke and Dara Lynott, who were appointed as Directors in 2004. Each brings valuable experience to the organisation and I look forward to their contributions in the years to come.



Director General

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Operations Review

The EPA has a wide range of functions and duties to protect the environment. It is responsible for licensing and control of large-scale industrial and waste facilities, public authority environmental supervision, auditing and enforcement, environmental monitoring, analysis and reporting, co-ordinating environmental research, implementing the EU Emissions Trading Directive and co-ordinating the national waste prevention programme.

In addition, the EPA has a key role in the implementation of a number of EU Directives, including the Air Framework Directive, Strategic Environmental Assessment Directive and the Water Framework Directive. The EPA is also involved in a wide range of activities at EU and international level.

Between them, the Office of Licensing and Guidance, the Office of Environmental Enforcement and the Office of Environmental Assessment carry out the functions listed above to enable the EPA deliver on its mandate. The specific functions and responsibilities of each of these offices and their activities in 2004 are described further in the following section.

These Offices are supported in their work by the Office of Communications and Corporate Services and the Office of Corporate Governance. Further detail on the activities of these two Offices is provided in Section 2 of this report.



Office of Licensing and Guidance

The Office of Licensing and Guidance has a wide remit, which includes decisions regarding the licensing of large-scale industrial and waste facilities, the permitting of petrol storage facilities and the granting of consents for genetically modified organisms.

Its remit has been expanded in recent times with responsibility for implementing the Emissions Trading Directive, the Strategic Environmental Assessment Directive and the National Waste Prevention Programme.

INTEGRATED POLLUTION PREVENTION AND CONTROL (IPPC) LICENSING

Under the EPA Act, 1992, the EPA was responsible for regulating large/complex industrial and other processes with significant pollution potential, on the basis of an Integrated Pollution Control (IPC) Licensing scheme. Since July 2004, the IPC licensing regime was replaced by a new EU Directive on Integrated Pollution Prevention and Control (IPPC).

The EPA licensing system had anticipated and implemented most of the requirements of the EU IPPC Directive, aside from a number of technical

and procedural elements. One of the main differences is that IPPC increases the emphasis on ‘prevention’ with the aim of reducing emissions to air, water and land, reducing waste and using energy efficiently. In addition, more activities were brought into the licensing system, in areas such as intensive agriculture, the treatment and processing of milk, the slaughter of cattle, food production, and the production of paper, pulp and board. In 2004, the EPA carried out an administrative review of the licences it had issued over the past 10 years to check for compliance with the new IPPC Directive requirements. A programme of licence review to bring all licences into compliance with the Directive will commence in 2005.

Forty-one Final Decisions on IPPC licences issued in 2004. Thirty-seven were granted and four were withdrawn. In addition thirty-nine Proposed Decisions on IPPC licences issued in 2004. (Table 1).

WASTE LICENSING

Under the Waste Management Act, 1996, the EPA is responsible for the licensing of all significant waste recovery and disposal facilities operated by local authorities and private enterprises. The EPA licensing process places stringent conditions on the operation of facilities to ensure that the potential environmental impact is strictly controlled.

During 2004 the EPA licensed fifteen landfills, five transfer stations, six hazardous waste disposal facilities, five compost facilities and one soil remediation facility. One licence for a materials recovery facility was refused. Thirty-one Proposed Decisions were issued in 2004 including two in relation to applications for thermal treatment facilities in Ringaskiddy and Duleek.

GENETICALLY MODIFIED ORGANISM (GMO) CONSENTS

The EPA is the competent authority in Ireland for the implementation of the GMO Regulations on the contained use, the deliberate release into the environment and the transboundary movement of GMOs. By the end of 2004, there were 190 entries on the register of GMO users in Ireland. More than 95 per cent of these fall under the category of contained use, the majority of which are third-level research laboratories classified as being of negligible risk. Twenty-six consents were granted in 2004 for the contained use of GMOs and site inspections were carried out on thirteen GMO contained use premises. The EPA received no applications for Deliberate Release of GMOs during 2004.

TABLE 1
Licensing Activities in 2004

	IPPC Licences	Waste Licences	Genetically Modified Organism Consents	Volatile Organic Compound Permits
Applications considered	88	86	30	13
Proposed Decisions	39	31	N/A	11
Objections received	32	54	N/A	0
Final Decisions	41	33	26	9

VOLATILE ORGANIC COMPOUND (VOC) PERMITS

The EPA is responsible for issuing permits for any activity that involves the storage and distribution of petrol at terminals exceeding defined throughputs. These permits control volatile organic compound (VOC) emissions resulting from petrol storage and distribution terminals. The EPA granted nine VOC permits in 2004, bringing the total number of VOC permits issued to 25.

EMISSIONS TRADING

Emissions trading is a market-based mechanism implemented at EU level and designed to control emissions of Carbon Dioxide in an effort to mitigate global warming. It applies to over 100 of Ireland's industrial facilities, which account for approximately one third of national Carbon Dioxide emissions.

The EPA is the competent authority for implementing the Emissions Trading Directive in Ireland. In 2004 the EPA submitted Ireland's first National Allocation Plan to the EU Commission following a period of extensive public consultation. The EPA also issued permits to all participating companies and commenced the establishment of a trading registry to log all trades.

TECHNICAL GUIDANCE

Technical Guidance was developed during 2004 on a variety of topics to support licensing and enforcement activities. Guidance documents published included:

- ▶ Material Storage, Transfer and Bunding
- ▶ Environmental Liabilities and Risk Assessment
- ▶ Assessment of Flexible Membrane Liners for Landfill

NATIONAL WASTE PREVENTION PROGRAMME

In April 2004, the National Waste Prevention Programme was established within the EPA, with the aim of reversing the trends of increased material use and waste generation in Ireland. The National Waste Prevention Programme is promoting a range of projects including a waste prevention training course for industry, research on waste characterisation, waste audit/prevention tools, case study development, a local authority grant programme and hazardous waste reduction projects.

In 2004, National Waste Database Reports for 2002 and 2003 were published giving trends in waste generation and management in the State. The latest figures show that significant progress has been made towards the achievement of national recycling targets. In 2002, 28 per cent of household and commercial waste was recycled, (up from approximately 13 per cent in 2001) and 72 per cent was landfilled. However, more than two thirds of municipal waste recycling took place abroad, highlighting Ireland's continued dependence on foreign recycling facilities and markets.

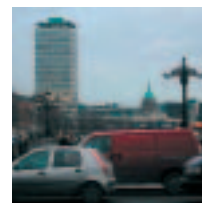
Progress in recycling rates is offset to a large extent by the continued growth in municipal waste generation, which increased by 10 per cent in 2003 over 2002 figures. While greater accuracy of waste reporting as a result of improved regulation of the waste collection sector potentially explains part of this large increase, a growing population and changing consumer lifestyle undoubtedly makes a big contribution.

Trends in the recovery of packaging waste remain encouraging with recovery rates of 42 per cent being recorded for 2003. At current growth rates, Ireland is well positioned to achieve the EU target of 50 per cent packaging waste recovery in 2005.

STRATEGIC ENVIRONMENTAL ASSESSMENT (SEA)

The objective of the EU SEA Directive is to provide for a high level of protection of the environment and to contribute to the integration of environmental considerations into the preparation and adoption of specified plans and programmes with a view to promoting sustainable development. Under the Directive, Competent Authorities (such as planning authorities, Government Departments, Regional Waste Management Authorities) must consult the designated Environmental Authorities and subject specific plans and programmes to an environmental assessment. In Ireland, the EPA is a designated Environmental Authority along with the Department of Environment, Heritage and Local Government and the Department of Communications, Marine and Natural Resources.

The SEA Directive came into effect in Ireland in July 2004, and the EPA was proactive in preparing for its role. The EPA published an SEA Methodology and hosted an information seminar to provide guidance to SEA practitioners. Other initiatives undertaken included presentations at a series of SEA seminars held around the country, the development of web based SEA resources and information on the EPA website, and the funding of a pilot SEA for the Midlands Regional Waste Management Plan. During 2004, eleven separate plans / programmes were screened by the EPA at the request of Competent Authorities.



Office of Environmental Enforcement

The Office of Environmental Enforcement (OEE) is responsible for the enforcement of EPA licences issued for waste, industrial and other activities. It also exercises a supervisory role in relation to the environmental protection activities of local authorities, through auditing their performance, providing advice and guidance, and, in appropriate cases, giving legally binding directions. A key priority for the OEE is tackling illegal waste activities in Ireland.

ENFORCEMENT NETWORK AND THE ILLEGAL MOVEMENT OF WASTE

Illegal waste movement and unauthorised disposal of waste is a major national issue. To deal with this, the EPA has established a National Enforcement Network, which includes the OEE, Local Authorities, An Garda Síochána, The Northern Ireland Environment & Heritage Service and the Police Service of Northern Ireland. This Network harnesses the collective resources, expertise and investigative capacity of all the players that can contribute to enforcing environmental law and stamping out illegal waste activity in Ireland.

Two nationwide concerted enforcement actions were undertaken in late 2004. The first concerted action took place in November in the Cork Region and

involved Inspectors from the OEE, Cork County Council and Cork City Council with support from An Garda Síochána. The second concerted action took place in December 2004 and involved raids on a number of waste facilities and warehouses throughout the country by Inspectors from the EPA and Garda specialists in theft and fraud. The facilities raided were suspected of trafficking illegal waste to Northern Ireland. Evidence collected during these two concerted actions is being examined for potential use in legal proceedings to be taken by the EPA and the Director of Public Prosecutions.

In tandem with this, the OEE has commissioned major investigations into unauthorised waste activities in Ireland and is examining the use by Local Authorities of their statutory powers to enforce waste activities. These investigations will conclude in 2005.

LICENCE ENFORCEMENT

Audits of licensed industrial and waste facilities in 2004 were up fifty one per cent on 2003, inspections were up one per cent on 2003 levels and non-compliance notices served were up ten per cent on 2003 figures (Table 2).

TABLE 2
Licence Enforcement
Activities in 2004

	IPPC	Waste
Inspections	525	342
Audits	222	52
Monitoring Visits	1027	109
Statutory notices issued	7	1
Notifications of non-compliance issued	497	221
Prosecutions instigated	14	8

In 2004, complaints made to the EPA in relation to licensed IPPC and waste facilities numbered 711 and 366 respectively. Eighty one per cent of IPPC facilities and sixty eight per cent of waste facilities received no complaints in 2004.

Odour remains the most common cause of complaint at licensed facilities (445 and 238 complaints were received for IPPC and waste respectively). However, five IPPC facilities accounted for more than half of IPPC odour complaints, while five waste facilities accounted for almost 70 per cent of odour complaints. EPA enforcement actions focused on these small number of facilities to ensure that the problems were rectified.

LEGAL MATTERS

In 2004 the EPA brought 17 cases against licensees before the District Courts. Convictions were handed down in 16 of these cases. The majority of the charges related to persistent breaches of emission limit values, failure to install infrastructure and failure to submit information. In the one remaining case, the Court did not record a conviction, but ordered the defendant to pay the EPA's legal costs and a make a donation to charity.

The legal action also led to significant investment (ranging between €250,000 and €900,000) in on-site infrastructure and abatement measures at facilities, such as improved wastewater treatment plants and the installation of bioscrubbers. Commitments were also given for improved site management practices including waste management.

A further 22 prosecutions were instigated by the EPA in 2004.

PUBLIC AUTHORITY ENFORCEMENT

In 2004, 50 audits of local authorities were carried out on wastewater and drinking water treatment plants. In addition, two hundred and eighty one investigations were carried out on foot of 461 complaints made to the EPA in relation to activities that were the responsibility of local authorities. Forty two per cent of these complaints related to waste issues with the remainder relating mainly to water quality, wastewater treatment, drinking water, odour, noise and planning.

As a result of these activities, the EPA issued 26 notices advising and recommending to local authorities the appropriate course of action to meet their statutory obligations. Two binding Directions were served where local authorities did not comply with the EPA advice. Both Directions were in relation to waste management. A summary of Public Authority Enforcement Activities for the year is set out in Table 3.

TABLE 3
Public Authority Enforcement
Activities in 2004

Audits	50
Investigations Conducted	281
Advice and Recommendation Notices	26
Directions Served	2

LOCAL AUTHORITY COMPLIANCE REPORTING

During 2004, the EPA published national reports on local authority compliance with national regulations and standards in relation to drinking water, waste-water discharges and phosphorous levels in water.

Drinking Water Quality

The Drinking Water Report confirmed that in 2003 almost 98 per cent of samples from public water supplies complied with the required standards. Despite the overall satisfactory quality rating, some public water supplies remain consistently in breach of the standards for certain parameters (e.g. aluminium and in some cases nitrates). The report recommended that corrective action programmes be put in place for these supplies as a priority to ensure that the supplies are brought to full compliance.

Drinking water produced by private group water schemes, which serve approximately 50,000 households, had a compliance rate of 83.2 per cent in 2003, up from 80.9 per cent in 2002 and 74.1 per cent in 2001. While this level of compliance with standards is still unsatisfactory, the improvement is welcomed and is most probably due to the significant capital investment in group water schemes over the past number of years.

Urban Waste Water Treatment

The EPA report on Urban Waste Water Discharges for 2002 and 2003, showed that 58 per cent of waste water received secondary treatment, with an additional 9 per cent having nutrient reduction in addition to secondary treatment. The remaining waste water (33 per cent) received either no treatment or only preliminary or primary treatment. This is a marked improvement over 2001 figures

which showed that only 21 per cent of waste water having received secondary treatment. The construction of additional secondary treatment facilities at many locations around the country is at an advanced stage and is expected to deliver further significant improvements in the quality of urban waste water discharges in Ireland, which should in turn, lead to improvements in water quality.

The report also highlighted, however, that nearly 60 per cent of urban waste water treatment plants failed to comply with one or more of the specified national standards. This high level of non-compliance is unacceptable and local authorities were urged to address such non-compliance as a matter of urgency.

Implementation of the Phosphorous Regulations

The EPA's National Implementation Report for the Phosphorous Regulations provided an overview of existing river and lake water quality in each local authority area and assessed the impact of measures being applied by local authorities to tackle water quality problems. The main issue being addressed by the Phosphorus Regulations is the over enrichment of waters with phosphorus which leads to eutrophication of rivers and lakes.

The latest figures showed that, in 2003, more than one third of all river stations and lakes are not in compliance with the national targets (a slight improvement on the previous reporting period) and that there was a decline in the number of river stations which had pristine water quality. The report stressed that while local authorities are putting in place a

range of measures to tackle water quality problems, it may take some years before the success of these measures can be determined. Meeting the targets set by the Phosphorus Regulations is likely to continue to be a major challenge over the coming years.

EU NETWORK FOR THE IMPLEMENTATION OF ENVIRONMENTAL LAW (IMPEL)

The EU Network for the Implementation of Environmental Law (IMPEL) is an informal network of environmental authorities of EU member states and accession countries. IMPEL promotes the exchange of information and experience and the development of a greater consistency of approach in the implementation, application and enforcement of environmental legislation. The OEE co-ordinates the activities of IMPEL in Ireland and ensures its integration with the National Environmental Enforcement Network.

As part of Ireland's Presidency of the EU, the EPA hosted an IMPEL Plenary Meeting in Dublin Castle in June 2004. The meeting was attended by representatives from 27 European countries and was co-chaired by the EPA and the European Commission.



Office of Environmental Assessment

The Office of Environmental Assessment is responsible for a wide range of activities including ambient monitoring of water and air, monitoring emissions from licensed facilities, preparing national monitoring programmes and conducting a national hydrometric programme, providing sampling and laboratory assistance to local authorities and providing laboratory services to support the EPA licensing and enforcement functions.

It has responsibility for co-ordinating a national environmental research programme, establishing environmental databases, producing regular reports on environmental quality and publishing periodic State of the Environment Reports. The remit of the Office also includes implementing the EU Air Framework Directive, coordinating key aspects of the implementation of the EU Water Framework Directive and operating Ireland's National Focal Point for the European Environment Agency.

LABORATORY SERVICES

In 2004, approximately 23,500 samples – taken from rivers, lakes, groundwaters, tidal waters, landfill leachates, effluents and air emissions – were analysed for a range of chemical and, where appropriate, microbiological parameters. This involved, in total,

over 250,000 analytical measurements. The work was undertaken as part of regional and national monitoring programmes and to support environmental enforcement. The output in terms of monitoring results formed the basis for reporting on environmental quality at national, regional and local level as appropriate.

INTERCALIBRATION PROGRAMME

The EPA's laboratory intercalibration programme continued in 2004. The number of laboratories involved at the end of the year amounted to 114, an increase of four from 2003. These include local authority and contract laboratories, other laboratories supplying data to the EPA and also the EPA's five regional laboratories. The register of laboratories, provided for under Section 66 of the EPA Act 1992, was updated to reflect performance in the 2003 intercalibration exercises. The register is available for inspection at the EPA Headquarters and also on the EPA website.

The EPA also participated successfully in the EU-sponsored proficiency-testing scheme in the chemistry sector. Samples were sent to 29 Irish laboratories as part of the project and overall performance was in line with that of participants from other countries.

AIR MONITORING

The Air Quality Monitoring Report 2002 was published in 2004 and showed that Irish air quality was generally good throughout the country and fully compliant with existing air quality standards. The report indicated that concentrations of air pollutants such as sulphur dioxide, black smoke and lead, were insignificant when compared with their respective limit values. In addition, while ozone continues to be

an environmental problem in many parts of Europe, the levels of ozone in Ireland are well below the thresholds indicative of possible effects on health.

Particulate matter (PM₁₀) and nitrogen oxides, which come mainly from traffic fumes, are the only potentially problematic parameters with regard to meeting stringent new EU standards, the first of which will come into effect in 2005. The EPA will give high priority to these pollutants in its ongoing monitoring programmes and as part of environmental enforcement activities.

A significant advance in the provision of environmental data to the public was initiated in 2004 with the provision, via the internet, of direct real-time access to air quality monitoring data from 13 monitoring stations across Ireland.

HYDROMETRIC PROGRAMME

The hydrometric programme collects information on the levels, volumes and flows from a network of 1500 stations on rivers, lakes and groundwaters. Summary statistics for this programme were published on the EPA web site and more detailed information was provided as essential input to flood management, pollution prevention, roads design and water resources management in various parts of the country.

The EPA has prepared draft County Hydrometric Programmes for each local authority and these are based on an assessment of the local authority's needs. This process allows the local authority to identify how present and future needs for hydrometric information can be addressed.

WATER FRAMEWORK DIRECTIVE

The Water Framework Directive represents the most significant development in the field of EU water policy in the past 25 years. The Directive provides an overarching framework and programme to deliver long-term protection of the water environment and improve the quality of all waters both groundwaters and surface waters in all Member States.

The EPA has a major role in co-ordinating the implementation of key aspects of the Water Framework Directive in Ireland. In June 2004 the EPA advised the European Commission on the competent authorities and the River Basin Districts (RBDs) identified for Ireland. The EPA provided input, support and information to RBD authorities to assist them in their preparation of river basin characterisation reports. The EPA has commenced the preparation of a summary characterisation report for Ireland, for submission to the European Commission by the end of March 2005, in accordance with the Directive's timelines.

BATHING WATER QUALITY

The annual report on the quality of bathing waters for 2003 was published in 2004 and showed that in general bathing water quality in Ireland remained very good. The minimum, mandatory standards were met in 97 per cent and the stricter, guideline values in 85 per cent of the 131 bathing sites in Ireland. The national bathing water quality map for 2003 can be viewed on the EPA website.

BIOLOGICAL QUALITY MONITORING OF RIVERS

The EPA continued its river biological monitoring programme, which on a three-year cycle covers 3,200 sampling stations along 13,200 km of river channel. Detailed assessments for each of the rivers monitored during 2003 were published. Work was also progressed on a major three-year review of water quality in Ireland, to be published in 2005.

AIR EMISSIONS INVENTORY REPORTING

In 2004, the EPA prepared and submitted reports in relation to the UN Convention on Long Range Transboundary Air Pollution, the UN Framework Convention on Climate Change, and the EU Monitoring Mechanism for Carbon Dioxide and Other Greenhouse Gases.

Under the Kyoto Protocol, Ireland is committed to limit its greenhouse gas emissions to 13 per cent above 1990 levels. The figures published by the EPA in 2004, show that while Ireland's emissions of greenhouse gases in 2003 fell by 3.3 per cent over the previous year, they remain almost 25 per cent above the 1990 levels. Agriculture remains the single largest contributor, followed by energy and transport. It is anticipated that Emissions Trading, reform of the EU Common Agriculture Policy and improved energy efficiency will contribute to further reductions in greenhouse gas levels.

INFORMATICS AND REPORTING

The EPA co-ordinated the development of key national spatial datasets, to meet the requirements of the Water Framework Directive. A Geographical Information System (GIS) map library has been developed to store and manage all spatial datasets

held by the EPA. To extend the use of GIS within the organisation, an internal Web-based GIS system has been developed which supports the work of the EPA by facilitating a range of spatial datasets to be viewed and queried by staff over the intranet. In time it is anticipated that this technology will be further developed to provide public access to GIS.

IRELAND'S ENVIRONMENT 2004

The EPA published its third state of the environment report in May 2004, to coincide with the Irish Presidency of the EU. The report, IRELAND'S ENVIRONMENT 2004, found that while progress had been achieved on environmental protection in recent years, increased economic activity had placed additional strains on the environment. Overall, Ireland's environment is considered to be in a relatively healthy condition, though a number of problems and threats remain, most notably:

- ▶ meeting our international commitments on limiting air emissions (greenhouse gases and acidifying gases);
- ▶ prevention and control of eutrophication of water; and
- ▶ waste management.

In relation to future priorities for Ireland, the report identified enforcement of existing legislation and the greater integration of the environment across all areas of policy as the two key areas to be addressed.

A conference to highlight and discuss the findings of the State of Environment Report was held by the EPA in November 2004. It was attended by over 160 delegates, including representatives from the agriculture, tourism, industry, energy and transport sectors.

ENVIRONMENTAL RESEARCH

Through its research programme, the EPA is generating knowledge and expertise needed to help protect and manage Ireland's environment. Funding for this programme, which will amount to over €32m over the period 2000-2006, is provided by the Department of the Environment, Heritage and Local Government through the National Development Plan.

The EPA continued to fund new research projects ranging from desk studies to large-scale multi-annual projects in 2004. Research funding of €5.94 million was committed to the areas of air quality, biodiversity, cleaner production, climate change, transport, socio-economics, water quality and waste and resource management. A major series of projects on sustainable development was also initiated. Of the €5.94 million, the EPA committed €1.8 million under the second phase of the Cleaner Greener Production Programme, which assists companies to develop innovative solutions to environmental problems.

SUPPORT TO IRISH PRESIDENCY OF THE EU

Ireland held its 6th Presidency of the European Union in the first half of 2004 and the EPA played a significant role in supporting what is generally considered to be a successful Presidency. The main activities undertaken by the EPA are as follows:

Bridging the Gap: Information for Action

The EPA hosted a major international conference, *Bridging the Gap: Information for Action* in Dublin in April 2004. The purpose of the conference was to seek ways to produce environmental information more efficiently and to close the gap between environmental policy and practice. The conference brought together over 370 people from 37 countries.

The main conclusions of the conference stated that:

- ▶ a high quality environment fosters and underpins competitiveness;
- ▶ policy objectives on competitiveness and targets for research funding need to be rebalanced to take account of the objectives on integration and sustainability;
- ▶ with enlargement of the EU there is a window of opportunity to ensure that EU policies and monitoring are clearly focused on environmental outcomes;
- ▶ an enhanced environmental assessment infrastructure is needed, including better use of innovation and science.

The conclusions were presented to the EU Council of Environment Ministers in June 2004 and a Conference Report was published by the EPA in December 2004.

European Platform for Biodiversity Research Strategy

In May 2004, the EPA and the National Parks and Wildlife Service co-hosted an international meeting in Killarney, to review and prioritise the research needs of the EU Biodiversity Strategy and its four action plans. Almost 100 delegates from 28 countries attended. The meeting agreed the Killarney Declaration which emphasised the key role of funding for biodiversity research in providing the information and understanding necessary to meet EU and global biodiversity targets. It also agreed the Killarney Recommendations which identified overarching research priorities on biodiversity as well as research priorities specific to each of the four action Plans. These outputs were presented and adopted at the EU Stakeholders Conference on Biodiversity at Malahide in May 2004.

Conference of the Parties to the Cartagena Protocol on Biosafety

The EPA provided technical support and input to the Department of Environment & Local Government in their representation of the EU at the First meeting of the Conference of the Parties to the Cartagena Protocol on Biosafety. The conference focused on protecting biological diversity from the potential risks that may be posed by living modified organisms or genetically modified organisms. Issues addressed during the conference included information sharing (including a Biosafety Clearing-House); liability and redress; compliance issues; as well as the handling, transport, packaging and identification of living modified organisms.

United Nations Environment Programme

The EPA prepared and presented a Statement by Ireland, on behalf of the EU Member States and Acceding Countries, to the Intergovernmental Consultation on Strengthening the Scientific Base of the United Nations Environment Programme, in Nairobi in January 2004. The paper stated that, *inter alia*, there was a need:

- ▶ for an interdisciplinary approach that is more comprehensive and balanced than that covered by existing arrangements. The approach should give due weight and focus to each of the major thematic areas and be able to address cross-cutting issues such as common causal factors.
- ▶ to promote and to strengthen developing country participation and to ensure that science and knowledge from developing countries are properly included.

The statement expressed concerns, however, about the need to develop more effective linkages and channels of communication between science and policy in general.

Climate Change

The EPA chaired the EU Climate Research Expert Group and managed its activities during the Irish Presidency. These included preparation of position papers and statements on areas covered by the expert group. The EPA presented Statements by Ireland on behalf of the EU Member States and Acceding Countries on the development of scientific, technical and socio-economic understanding of mitigation and adaptation to climate change as well as on research and systematic observations at the United Nations Framework Convention on Climate Change Subsidiary Bodies meeting in Bonn during June 2004.

The EPA also presented a Statement by Ireland on behalf of the EU at the 2nd Earth Observation Summit in Tokyo, during April 2004. A UN Intergovernmental Panel on Climate Change Workshop on Risk and Uncertainty was hosted by the EPA and the DoEHLG in NUI Maynooth during May 2004.

EU Network for the Implementation of Environmental Law (IMPEL)

As noted earlier, the EPA hosted an IMPEL Plenary Meeting in Dublin Castle in June 2004. The meeting was attended by representatives from 27 European Countries and was co-chaired by the EPA and the European Commission.

2

Corporate Governance and Organisational Development

The Office of Communications and Corporate Services (OCCS) and the Office of Corporate Governance (OCG) provide the essential organisational support systems and structures that enable the EPA to effectively deliver on its mandate.

The OCCS provides organisation and support services for the EPA, including human resource management, health and safety, staff training and development, finance, facilities management, public relations and communications, publications and information technology development and support.

The OCG is responsible for organisational strategy and business planning, corporate governance, including internal audit, coordinating the EPA quality customer service initiative and strategic environmental policy research.

STRATEGIC FRAMEWORK

In 2003, the EPA published its Strategic Framework for the period 2003-2006, which charted the direction for the organisation over the three year period. The emphasis in 2004 was on implementation of this framework. Organisational restructuring and staff re-deployment was completed and activities were focused on achieving the specific targets and objectives set-out in the strategic framework. Many of these were concerned with positioning the EPA to meet changing requirements and priorities and streamlining the EPA's activities to achieve more with the same resources.

CORPORATE GOVERNANCE

The EPA is committed to maintaining the highest standards of corporate governance and embedding the culture of good governance in all of the Offices and business units. As part of the ongoing implementation of the *Code of Practice for the Governance of State Bodies*, the EPA has established an Internal Audit function and appointed an Internal Audit Committee. At its first meeting in 2004 the Internal Audit Committee approved a three year Internal Audit Plan for the organisation. This audit plan is being progressively implemented.

The EPA also commenced a Business Risk Assessment process towards the end of 2004 to identify the main business risks facing the organisation. This process will be completed in early 2005.

QUALITY CUSTOMER SERVICE

The EPA produced its first Quality Customer Service (QCS) Action Plan in 2003 and prepared a Customer Charter in 2004. Together the QCS Action Plan and Customer Charter ensure that a suitable framework exists within the EPA for the provision of a quality service to EPA customers. Both the QCS Action Plan and the Customer Charter are available on the EPA website.

COMMUNICATIONS & EDUCATION

The EPA's Communications Strategy 2004-2006 was finalised and rolled out to staff in the first half of 2004. The Strategy sets out the EPA's response to the findings of its extensive communications audit carried out in 2003, which provided research data on customers' needs and perceptions.

The EPA's web site at www.epa.ie was redeveloped in 2004 to provide improved access to the services of the EPA and to information on the environment. In conjunction with the new website, a major new resource for primary school teachers was developed. The resource packs are suitable for students of 8-12 years and cover a range of environmental themes. The packs are available on-line for viewing and download for use in the classroom. The EPA also ran its annual Schools' Environmental Research Project, involving students from four schools in Bray and Greystones.

The EPA media relations office handled 536 press queries in 2004, a rise of 15 per cent over the previous year. Forty press statements were issued and three launches organised.

As noted earlier, the EPA organised three major conferences - *Bridging the Gap: Information for Action*, *IMPEL Plenary* and *Ireland's Environment: The Key Challenges* along with a number of other seminars and conference events. EPA staff engaged with stakeholders, including the general public, at 10 national and local events, including the Esat BT Young Scientist and Technology Exhibition. The EPA's revamped newsletter *EpaNews* was widely distributed in September.

Series two of the popular television programme *EcoEye* was broadcast early in 2004. Viewing figures were the highest ever for the series, pushing one of the programmes into RTE's weekly Top 10 for the first time. A third *EcoEye* series was in development during 2004 for broadcast in the first quarter of 2005.

A list of the 2004 EPA publications is at Appendix 1.

INFORMATION TECHNOLOGY SERVICES

The implementation of the EPA's functions requires the collection, analysis and dissemination of a vast array of information. The EPA's Information Management & Technology (IM&T) Strategy, developed in 2003, is focused on ensuring that this is achieved in an efficient and effective manner.

As part of the ongoing implementation of this strategy, the EPA completed a comprehensive review of its Information and Communications Technology (ICT) infrastructure during 2004. The review identified a number of recommendations that will improve the technical foundation that underpins the implementation of the strategy. The implementation of these recommendations has commenced and the process will be completed in 2005.

In 2004, the EPA commenced a programme to enhance environmental information access and analysis facilities, both for internal and external stakeholders. This work involves, developing technical communications standards that can be used externally and internally, ensuring that these are built into existing and future systems and improving public and internal access to integrated environmental information.

These initiatives are key to the implementation of the EPA's IM&T Strategy and require a co-operative approach with a large number of other organisations at local, national and international level, which produce or use environmental data. To cater for the ever-growing demand for information, a collaborative approach will be taken with all such organisations to ensure that their input is taken into account.

HUMAN RESOURCES

The EPA's approved staff complement at 31 December 2004 was 250. Some 114 of the staff are located at its Headquarters in Wexford and the other 136 located in Regional Inspectorates and Offices.

During the year, a Human Resource Management Strategy was developed in consultation with staff interests. The strategy provides the basis for maximising the contribution and potential of staff which is our key resource. Implementation of the Strategy is ongoing.

STAFF DEVELOPMENT & TRAINING

The EPA's commitment to staff training and development was recognised again in 2004 with the renewal of the accreditation to the FÁS "Excellence Through People" standard, Ireland's national standard for human resource development. In another benchmark of the EPA's commitment to its staff, the EPA was ranked in the Top 50 Best Companies to work for in Ireland in 2004, based on a survey of staff and of organisational culture.

Direct expenditure on training in the year amounted to over €540,000 and this again exceeded the target investment in training for the public service of 4 per cent of payroll costs. During the year, staff members participated in a programme of 164 training courses, workshops, conferences and seminars at home and abroad, amounting to a total of 1,450 training days.

The EPA also continued its commitment to support staff pursuing relevant courses of study in their own time.

HEALTH AND SAFETY

The EPA is committed to ensuring the safety, health and welfare of its staff through strict adherence to Health and Safety Standards / Codes of Practice and through the provision of appropriate training, safety awareness programmes and personal protective equipment.

The EPA's Joint Consultative Safety Committee includes staff representatives from each of the EPA's Regional Inspectorates and is a particularly useful forum for discussing and resolving health and safety issues. The Joint Safety Consultative Committee

finalised a thorough review and revision of the EPA Safety Statement which was approved by the Board in 2004.

Safety audits of each EPA facility were carried out in 2004, by the Safety Co-ordinator and local Safety Managers, and no major health and safety problems were reported.

SUSTAINING PROGRESS

The EPA is committed to meeting the challenges posed by the National Agreement, *Sustaining Progress*. The EPA successfully achieved its performance targets identified for 2004. During 2004 the EPA also developed a revised Sustaining Progress Action Plan extending the period of the organisation's Action Plan to June 2006. This Action Plan addresses issues such as efficient use of resources, customer service, e-government as well as organisational modernisation and flexibility. The EPA's Partnership Committee plays a significant role in overseeing the implementation of the Plan.

BOARD OF THE EPA

The Board of the EPA held 46 formal meetings in 2004.

EPA ADVISORY COMMITTEE

The EPA is assisted by an Advisory Committee of twelve members who meet to discuss issues of concern and offer advice to the Board. The 3rd Advisory Committee completed its term of office in March 2004.

FREEDOM OF INFORMATION (FOI).

The EPA's Section 15 and Section 16 FOI Reference Books were updated and published in April 2004. They are available for inspection at EPA Headquarters and Regional Inspectorates and on the EPA website.

During 2004, 9 FOI requests were received by the EPA. Of these, two requests were granted in full, three were part granted, two were handled outside FOI and two were refused. Two requests were received for internal review and one was subsequently appealed to the Office of the Information Commissioner. This appeal was still under consideration by the Commissioner's Office at year-end.

CAPITAL PROGRAMME

The EPA continued to pursue the provision of additional accommodation. Planning permission was received for a new Regional Inspectorate in Kilkenny. An extension to the Castlebar Regional Inspectorate has been agreed with Mayo County Council and is expected to be completed in 2005. Significant progress was made on securing additional accommodation from Cork County Council for the Cork Regional Inspectorate.

CONSULTANTS

During 2004, the Agency utilised the services of consultants to carry out special studies / investigations on a range of environmental issues and topics. The Consultants engaged (including those involved in the Environmental Research and Technological Development and Innovation (ERTDI) Programme) are listed in Table 4.

TABLE 4
Consultants engaged in 2004*

Actuate Consulting	Insight Statistical Consulting
AD Analytical	LHM Casey McGrath & Associates
AEA Technology Plc	Maclean Environmental Ltd
Alcontrol Laboratories	Marine Organism Investigation
Analytical & Environmental Services	Michael Cush
Artisan Illustration & Design Ltd	Michael Slattery & Associates
Barbara Wallace P.R.	Motherway Begley Ltd
Barry Doyle & Company	Murray Consultants Ltd
BEC Consultants	Niamh Hyland, B.L.
Brookhill Ltd	Nuala Butler, B.L.
Byrne O'Cleirigh Ltd	Odournet UK Ltd
Capita Business Services Ltd	Paul Mooney Associates
Ceridian I.T.S.	Perchards
Clara Clark Event Management	Plannet21 Communications Ltd
Clean Technology Centre	Policy Studies Institute
Cleaner Production Promotion Unit	Prof. Iain Thornton
Compass Informatics Ltd	Project Management Ltd
Computer Futures Solutions	Pyramid Consulting
Crowleys DFK	RPS MCOS
Cyril O'Neill & Co.	Rsk Ensr Environment Ltd
Denis Horgan B.L.	SLR Consulting Ltd
Dr Martin Wilkinson	Speed-It Ltd
E.G.Pettit & Company	Teagasc
Eireann Design	Terminal 4
Emily Egan	The Circa Group
Environment & Resource Management	Tobin Environmental Services
Enviros Consulting Ltd	Tollon Ltd.
ESRI Ireland Ltd	URS Dames & Moore
Fehily Timoney & Co.	William Fry Solicitors

* Includes those consultants paid in excess of €1000 in 2004.

APPENDIX 1

EPA PUBLICATIONS 2004

Air

Air Quality Monitoring –
Annual Report 2002

State of the Environment

Ireland's Environment 2004

Ireland's Environment 2004:
Offprint: Chapter 19: Overview
and Future Agenda

Landfill

Landfill Manuals - Landfill
Monitoring, 2nd Edition

Waste

National Waste Database –
Interim Report, 2002 (www.epa.ie)
(web only)

National Waste Database –
Interim Report, 2003 (www.epa.ie)
(web only)

Landspreading of Organic Waste –
Guidance on Groundwater
Vulnerability Assessment of Land

Water

Interim Report on the Biological
Survey of River Quality 2003

The Quality of Drinking Water in
Ireland – A Report for the year 2002

The Quality of Drinking Water in
Ireland – 2002 – CD ROM (+Summary
Statistics)

The Quality of Drinking Water in
Ireland – A Report for the year 2003

The Quality of Drinking Water in
Ireland - 2003 – CD ROM
(+Summary Statistics)

European Communities (Drinking
Water) Regulations, 2000 (SI 439 of
2000) – A Handbook on Implementa-
tion for Sanitary Authorities

The Quality of Bathing Water
in Ireland 2003 (www.epa.ie)
(web only)

Phosphorus Regulations National
Implementation Report, 2003

Wastewater

Urban Waste Water Discharges in
Ireland – A report for the Years
2000/2001

Urban Waste Water Discharges in
Ireland – A report for the Years
2002/2003

Incident & Special Reports

Final Report of Expert Group for
Silvermines, Co. Tipperary:
Lead and Other relevant Metals

General

EPA Annual Report and
Accounts 2003

Quality Customer Service –
Action Plan 2003-2006

EpaNews September 2004

EPA Section 15 FOI
Reference Book

EPA Section 16 FOI
Reference Book

EPA Customer Charter.

Environmental Research Reports

Waste Electrical & Electronic
Equipment (WEEE) Collection Trials
in Ireland – Synthesis

Carbon Taxes: Which households
gain or lose? – Final Report

The Macro-Economic Effects of
using Fiscal Instruments to reduce
Greenhouse Gas Emissions –
Final Report

Assessment & Development
of a Waste Prevention Framework
for Ireland – Synthesis Report

Reports produced for Local Authorities

A Report on County Louth River
Water Quality 2003

A Report on County Monaghan River
Water Quality 2003

A Report on River Water Quality
in County Mayo 2003

A Report on River Water Quality
in County Galway 2003

A Report on River Water Quality
in County Sligo 2003

River Water Quality in Southeast
Ireland, 2003

Water Quality in the
Suir/Barrow/Nore Estuary &
Waterford Harbour, 2003

3

Financial Statements

Report of the Comptroller and Auditor General

•

Statement of Responsibilities of the Agency

•

Statement on the System of Internal Financial Controls

•

Accounting Policies

•

Income and Expenditure Account

•

Balance Sheet

•

Cash Flow Statement

•

Notes to the Financial Statements

Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas

I have audited the financial statements on pages 5 to 13 under Section 50 of the Environmental Protection Agency Act, 1992.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS OF THE AGENCY AND THE COMPTROLLER AND AUDITOR GENERAL

The accounting responsibilities of the Directors of the Agency are set out on page 1. It is my responsibility, based on my audit, to form an independent opinion on the financial statements presented to me and to report on them.

I review whether the statement on the system of internal financial control on pages 2 to 4 reflects the Agency’s compliance with applicable guidance on corporate governance and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements.

BASIS OF AUDIT OPINION

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with auditing standards issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion, proper books of account have been kept by the Environmental Protection Agency and the financial statements, which are in agreement with them, give a true and fair view of the state of affairs of the Environmental Protection Agency at 31 December 2004 and of its income and expenditure and cash flow for the period then ended.



Comptroller and Auditor General

22 June 2005

Statement of Responsibilities of the Agency

Section 50(1) of the Environmental Protection Agency Act, 1992, requires the EPA to prepare financial statements in such form as may be approved by the Minister for the Environment, Heritage and Local Government in consultation with the Minister for Finance.

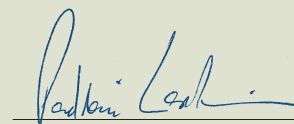
In preparing those financial statements, the EPA is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the EPA will continue in operation;
- ▶ disclose and explain any material departures from applicable accounting standards.

The EPA is responsible for keeping proper books of account which disclose with reasonable accuracy, at any time, the financial position of the EPA and which enable it to ensure that the financial statements comply with Section 50 of the EPA Act. The EPA is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Director General



Director

14 June 2005

Statement on the System of Internal Financial Controls

1. On behalf of the Board of Directors of the EPA I acknowledge our responsibility for ensuring that an effective system of internal financial controls is maintained and operated, for preparing the accounts of the Agency and for complying with all statutory obligations applicable to the Agency.

2. The Directors of the Agency also acknowledge that the system of internal financial controls can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

3. Key Control Procedures

(i) The Directors of the Agency have taken steps to ensure an appropriate control environment within the Agency by:

- ▶ Publishing the EPA Strategy Statement 2003-2006.
- ▶ Agreeing a detailed work programme for each year, and monitoring and evaluating progress against the work programme on a regular basis.
- ▶ Holding regular Board meetings to manage and supervise the work of the Agency.
- ▶ Implementing a Performance Management and Development System for all staff.
- ▶ Clearly defining management responsibilities.
- ▶ Adopting a set of financial procedures to control the significant financial elements of the Agency's business.
- ▶ Maintaining a comprehensive schedule of insurances to protect the Agency's interests.
- ▶ Establishing and operating procedural regulations and standing orders for conducting the business of the Board.

- ▶ Ensuring compliance with the Ethics in Public Office Acts requirements and Sections 37 & 38 of the EPA Act 1992, relating to the Declaration and Disclosure of Interests.
- ▶ Delegating appropriate functions.
- ▶ Reviewing and approving all Agency policies and procedures.
- ▶ Adopting a Code of Business Conduct for Directors and Staff in accordance with the requirements of the Code of Practice.

(ii) A formal risk assessment was undertaken by the Agency, with a view to identifying the main business risks facing the organisation. A corporate risk register has been prepared, along with an action plan to mitigate the impact of key controllable risks. A risk management policy for the organisation, which includes a schedule for reviewing the risk register and reporting on risk management actions, has been approved by the EPA Board.

(iii) The system of internal financial controls is based on a framework of regular management information, a system of delegation and accountability, a set of financial procedures, administrative procedures including segregation of duties, and rigorous ongoing checks by the finance function. In particular it includes:

- ▶ A comprehensive budgeting system with an annual budget, which is reviewed and approved by the Board of Directors.
- ▶ The assignment of budgets and budgetary authority and responsibility for specific functions to selected managers.
- ▶ Restricting authority for authorising all disbursement of Agency monies, payment of salaries, pensions, creditors, and expenses etc. to Directors and three named Programme Managers.
- ▶ Regular and ongoing review of all payments by senior management.

- ▶ Regular reviews by the Board of Directors of periodic and annual financial information and reports (including management accounts), which indicate financial performance against budgets.
- ▶ Setting targets to measure financial and other performance.
- ▶ Project management disciplines in respect of building programmes and major consultancy projects.
- ▶ Modern computerised Financial Accounting, Payroll, Purchasing and Fixed Asset Register software systems to underpin the internal financial controls of the Agency.
- ▶ Procedures for engaging consultants.
- ▶ A system of control on the overall approval of capital and consultancy contracts.

(iv) The financial implications of business risks have been considered through the business risk assessment process and in the preparation of the EPA Internal Audit Plan. These will be further assessed and evaluated through the phased implementation of the audit plan. Procedures have been issued to control the significant financial elements of the Agency's business, and authorisation limits have been set by the Board for purchasing.

(v) The Code of Practice for the Governance of State Bodies requires state bodies to appoint an Audit Committee composed of at least three independent non Executive Directors. Due to the fact that there are no non-executive Directors of the Agency, a waiver was sought and granted in July 2002 in relation to this requirement. Notwithstanding this waiver, the Agency adhered to the spirit of the Code and in 2003 appointed an Internal Audit Committee comprised of an external Chairperson and other external expertise in lieu of non-executive Director input, together with senior representation from the Agency.

The Audit Committee met on four occasions in 2004. A three-year internal audit plan was approved by the Internal Audit Committee in January 2004. The Audit Plan encompasses all key systems in the organisation, with controls and procedures being reviewed over a three-year cycle. It is structured so as to ensure that that as far as practicable the Agency's main activities are reviewed at least once every three years. The Audit Plan is being implemented as scheduled, on a phased basis, using external expertise.

4. Annual Review of Controls

I can confirm that for 2004, the EPA did not undertake a formal review of the internal financial control systems. However, assessment of controls in relation to tendering, purchasing, income, payroll, human resources, and in the environmental research area was undertaken in 2004, through internal audits of these activities. A formal review of the internal financial control systems will be undertaken for 2005.

Signed on behalf of the Board

Mary Kelly

Director General

14 June 2005

Accounting Policies

1. Basis of Accounting

The financial statements have been prepared under the historical cost convention and in the form approved by the Minister for the Environment, Heritage and Local Government with the consent of the Minister for Finance in accordance with Section 50 of the Environmental Protection Agency Act, 1992.

The financial statements are prepared on an accruals basis, except as stated below, and in accordance with generally accepted accounting practice. Financial reporting standards recommended by the recognised accountancy bodies are adopted as they become applicable.

2. Oireachtas Grants

The figures shown are the actual grants received in the accounting period.

3. Licence Fees

Applicants for all licences are required to pay the full licence application fee at the time of making the application. The amounts received are apportioned to the Income and Expenditure Account on completion of the following stages of the licensing process:

► Application	30%
► Proposed Determination	50%
► Licence Issue	20%

4. Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis at the rates stated below which are estimated to reduce the assets to their realisable values at the end of their expected working lives:

► Buildings	2%
► Furniture and Fittings	10%
► Laboratory and Field Equipment	15%
► IT and Computer Equipment	25%
► Motor Vehicles	20%

5. Capital Funding

The fixed assets of the EPA and advances to fund work in progress and asset purchases are met from a combination of capital grants, approved borrowing and allocations from current revenue. Funding sourced from grants (including that used to repay borrowings) is transferred to a capital account which is amortised in line with the depreciation of the related assets.

6. Stocks

All stocks, including consumables, are written off in the year of purchase.

7. Debtors

Provision for doubtful debts is made, where warranted, in the accounts. Bad debts, as they arise, are written off against that provision.

8. Superannuation

The Agency operates four Superannuation schemes:

- ▶ The Environmental Protection Agency Staff Superannuation Scheme, 2001.
- ▶ The Environmental Protection Agency Staff Spouses' and Childrens' Contributory Pension Scheme, 2001.
- ▶ The Environmental Protection Agency (Director General and Directors) Superannuation Scheme, 1996.
- ▶ The Environmental Protection Agency (Director General and Directors) Spouses' and Childrens' Contributory Pension Scheme, 1996.

Membership of the Superannuation schemes is on a non-contributory basis for Directors, and for staff appointed to the Agency prior to 6 April 1995. It is contributory for staff appointed on or after that date. Membership of the respective Spouses' and Childrens' Pension Schemes is automatic for members of the main superannuation schemes and contributions are payable in respect of such membership irrespective of the date of appointment.

The payment of superannuation benefits to and in respect of Directors and employees of the Agency is provided for in these defined benefit superannuation schemes approved by the Minister for the Environment, Heritage and Local Government with the consent of the Minister for Finance under Section 33 and Section 34 of the Environmental Protection Agency Act, 1992.

In accordance with Government Policy in relation to public service superannuation schemes, the Agency's Superannuation Schemes are unfunded and are financed on a pay-as-you-go basis, i.e. the costs of benefits payable under the Schemes are met from current income and are charged to the Income and Expenditure Account in the year in which they become payable. No provision is made in the financial statements in respect of future benefits. Salaries are charged in the financial statements net of employee superannuation contributions.

Under the Environmental Protection Agency Act, 1992 (dissolution of An Foras Forbartha Teoranta) Order, 1993, the pension payments and other superannuation liabilities in respect of former staff of An Foras Forbartha became the liability of the EPA on 1 August 1993. The EPA is currently paying pensions in respect of 49 former staff of An Foras Forbartha.

Income and Expenditure Account For the Year Ended 31 December 2004

		2004	2003
Income	Notes	€	€
Oireachtas Grants	1	24,064,856	20,356,707
Lab Intercalibration, Advisory and other Services		274,324	23,201
Income from Regional Laboratories		1,732,087	1,603,196
Licensing Activities (Integrated Pollution Control)	2	4,667,606	4,103,130
Licensing Activities (Waste)	3	2,785,200	2,741,709
Sundry Receipts	4	196,016	296,939
		33,720,089	29,124,882
Expenditure			
Salaries, PRSI and Superannuation	5	13,630,298	12,260,246
Travelling Expenses	6	1,111,526	1,023,181
Laboratory & Field Costs	7	943,788	961,834
Accommodation Costs	8	957,665	922,438
Other Administration Costs	9	4,289,602	3,240,784
Consultants and Grants		2,212,116	1,563,558
Environmental Research		7,317,157	6,545,213
Depreciation	14	1,722,853	1,805,909
		32,185,005	28,323,163
Transfer to Capital Account	10	1,455,917	622,149
		33,640,922	28,945,312
Operating Surplus			
		79,167	179,570
Surplus on Trade-in and Sale of Equipment		18,639	19,285
Surplus before Interest		97,806	198,855
Interest Received	11	637	2,785
Interest Payable and similar changes	12	(130,667)	(178,165)
(Deficit)/Surplus for Year		(32,224)	23,475
Surplus/(Deficit) at 1 January		14,023	(9,452)
Surplus/(Deficit) at 31 December		(18,201)	14,023

The EPA had no gains or losses in the financial year or the preceeding financial year other than those dealt with in the Income and Expenditure Account.

The results for the year relate to continuing operations.

The statement of accounting policies and cash flow statement, together with notes 1 to 19 form part of these financial statements.

Mary Kelly

Director General

14 June 2005

Robin Lamb

Director

Balance Sheet As at 31 December 2004

	Notes	2004 €	2003 €
Fixed Assets	14	18,617,827	19,125,439
Current Assets			
Debtors and Prepayments	15	4,628,149	3,206,733
Cash on Hand and at Bank		4,600,979	1,946,363
		9,229,128	5,153,096
less Current Liabilities			
Creditors (Amounts falling due within one year)	16(a)	6,623,658	4,275,234
Net Current Assets		2,605,470	877,862
Creditors (Amounts falling due after more than one year)	16(b)	(3,223,431)	(3,427,128)
Total Net Assets		17,999,866	16,576,173
Represented by:			
Capital Account	10	18,018,067	16,562,150
Income and Expenditure Account		(18,201)	14,023
		17,999,866	16,576,173

The statement of accounting policies and cash flow statement, together with notes 1 to 19 form part of these financial statements.

Mary Kelly

Director General

Robin Lamb

Director

14 June 2005

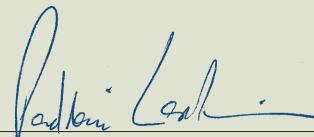
Cash Flow Statement For the Year Ended 31 December 2004

		2004	2003
	Notes	€	€
Reconciliation of (Deficit) / Surplus to net cash inflow from operating activities			
(Deficit) / Surplus for year		(32,224)	23,475
Interest received	11	(637)	(2,785)
(Surplus) on disposal of equipment		(18,639)	(19,285)
Transfer to Capital Account	10	1,455,917	622,149
Depreciation charge for year	14	1,722,853	1,805,909
(Increase) in Debtors		(1,421,416)	(888,176)
Increase in Creditors (other than loan creditors)		2,358,256	253,427
Net Cash Inflow from Operating Activities		4,064,110	1,794,714
Returns on investments and servicing of finance			
Interest received		637	2,785
Investing activities			
Payments to acquire fixed assets		(1,196,602)	(1,496,547)
Net Cash Inflow Before Financing		2,868,145	300,952
Financing			
Loans repaid		(213,529)	(217,385)
Increase in Cash		2,654,616	83,567
Reconciliation of net cash flow to movement in cash balances			
Increase in cash in year		2,654,616	83,567
Funds at 1 January		1,946,363	1,862,796
Funds at 31 December		4,600,979	1,946,363

The statement of accounting policies together with notes 1 to 19 form part of these financial statements.



Director General



Director

14 June 2005

Notes to the Financial Statements

	2004	2003
	€	€
1. Oireachtas Grants		
Department of the Environment, Heritage and Local Government Vote:		
Grants from the Vote: Current	12,671,492	12,367,707
Capital	2,440,000	1,429,000
Research Funding	7,250,000	6,560,000
Other Programmes	1,703,364	-
	24,064,856	20,356,707

The Research Funding is a specific allocation to meet the cost of Environmental Research. €7,317,157 was expended on these research activities in 2004 (2003 €6,545,213).

	€	€
2. Integrated Pollution Control Licensing Activities		
Licence Fees prepaid at 1 January	265,681	571,227
Fees Received and Charges Invoiced	5,009,381	3,835,675
Less Refunds Paid	-	(38,091)
Licence Fees prepaid at 31 December	(607,456)	(265,681)
Amount credited to the Income and Expenditure Account	4,667,606	4,103,130

Under Sections 83 and 96 of the Environmental Protection Agency Act, 1992 the EPA is responsible for the licensing and regulation of large/complex industrial and other processes with significant polluting potential. The EPA's income arises from fees charged in respect of the processing and monitoring of such licences.

	€	€
3. Waste Licensing Activities		
Licence Fees prepaid at 1 January	553,903	749,422
Fees Received and Charges Invoiced	3,048,831	2,546,190
Licence Fees prepaid at 31 December	(817,534)	(553,903)
Amount credited to the Income and Expenditure Account	2,785,200	2,741,709

Under Section 40 of the Waste Management Act, 1996 the EPA is responsible for the licensing of all significant waste recovery and disposal activities operated by local authorities and private enterprise. The EPA's income arises from fees charged in respect of the processing and monitoring of such licences.

	2004	2003
	€	€
4. Sundry Receipts		
Insurance claims	319	-
Sales of publications	50,190	56,279
Sundry	145,507	240,660
	196,016	296,939

	€	€
5. Salaries, PRSI and Superannuation of Staff		
(a) Salaries	11,872,590	10,735,807
Employers' PRSI	828,499	731,278
Pensions - An Foras Forbartha	606,170	485,305
Pensions - Environmental Protection Agency	546,274	444,729
Superannuation Lump Sums	255,390	265,109
Superannuation Contributions Received	(478,625)	(401,982)
	13,630,298	12,260,246
(b) The numbers of employees on 31 December were:		
Headquarters	114	115
Regional Inspectorates		
Castlebar	20	19
Cork	24	22
Dublin	58	60
Kilkenny	15	15
Monaghan	9	10
Regional Offices		
Athlone	2	2
Letterkenny	2	2
Limerick	2	2
Mallow	2	2
	248	249

	€	€
6. Travelling Expenses		
Travel and Subsistence	1,061,668	950,203
Motor Vehicle Expenses	95,114	90,282
Travel Refunds	(45,256)	(17,304)
	1,111,526	1,023,181

	2004	2003
7. Laboratory and Field Costs	€	€
Laboratory and Field Expenses	652,663	631,043
Equipment Repairs and Maintenance	279,649	313,309
Protective Clothing	11,476	17,482
	943,788	961,834
8. Accommodation Costs	€	€
Rent and Rates	391,546	376,756
Power, Light and Heat, Cleaning	413,580	390,365
Repairs, Maintenance, Security	152,539	155,317
	957,665	922,438
9. Other Administration Costs	€	€
Telephone and Postage	262,484	226,049
Printing of Publications and Stationery Supplies	460,050	471,270
Insurance	96,028	87,392
Computer and Data Processing Charges	1,380,901	600,351
Audit Fees	10,306	16,690
Legal Fees	478,709	670,865
Staff Appointment Costs	31,726	66,994
Bank Charges	4,770	4,428
Books, Periodicals and Library	83,008	83,091
Staff Development Costs	540,297	482,566
Advertising	151,148	107,241
Public Relations, Launches and Promotional Activities	534,478	386,499
PHARE Project Provision	194,646	0
Sundries	61,051	37,348
	4,289,602	3,240,784

PHARE Project Provision

The EPA participated in a Twinning Covenant in an EU candidate country – Bulgaria. The project ran from October 2000 to February 2002. When final payment for the project was made by the Central Finance and Contracts Unit (CFCU) of the Bulgarian Ministry of Finance (in January 2003), a sum of €194,646 was withheld by the CFCU.

The Agency has experienced severe difficulties in discovering how to pursue payment of these outstanding monies. The Board of Directors has reviewed the recoverability of this sum, and it is anticipated that it may not be possible to recover any part of the outstanding dept. For this reason, it is felt prudent to provide in full for the outstanding balance.

10. Capital Account

	€	€	€
At 1 January 2004			16,562,150
Transfer to Income and Expenditure Account:			
Income Allocated for capital purposes -			
Fixed Asset Additions	1,239,547		
To fund future additions (See note 15)	1,750,000		
Repayment of Loan	213,529		
		3,203,076	
Less			
Disposals	129,134		
less prior depreciation on disposals	(104,828)		
		24,306	
Depreciation charge for year		1,722,853	
			1,455,917
At 31 December 2004			18,018,067

	2004	2003
	€	€
11. Interest Received		
Bank deposit interest	637	2,785
	637	2,785

12. Interest Payable and Similar Charges

	€	€
Bank loans repayable by installments	130,667	178,165
	130,667	178,165

13. Taxation

The Environmental Protection Agency is specifically exempted under the provisions of Section 32, and Schedule 2, of Finance Act, 1994. Accordingly no taxation charges have been included in the accounts.

14. Fixed Assets

	Total	Buildings	Furniture & Fittings	IT & Computer Equipment	Lab & Field Equipment	Motor Vehicles
	€	€	€	€	€	€
Cost						
At 1 January 2004	31,126,359	17,328,198	1,946,539	3,020,385	8,135,940	695,297
Purchases	1,239,547	-	194,308	377,764	389,036	278,439
Disposals	(129,134)	-	-	-	-	(129,134)
At 31 December 2004	32,236,772	17,328,198	2,140,847	3,398,149	8,524,976	844,602
Depreciation						
At 1 January 2004	12,000,920	1,769,950	998,526	2,568,512	6,281,284	382,648
Charge for year	1,722,853	337,592	170,952	372,696	680,228	161,385
On Disposals	(104,828)	-	-	-	-	(104,828)
At 31 December 2004	13,618,945	2,107,542	1,169,478	2,941,208	6,961,512	439,205
Net Book Value						
At 31 December 2004	18,617,827	15,220,656	971,369	456,941	1,563,464	405,397
At 31 December 2003	19,125,439	15,558,248	948,013	451,873	1,854,656	312,649

New headquarters for the Environmental Protection Agency (EPA) were built on the grounds of Johnstown Castle Estate, County Wexford, on a site whose title is vested in Teagasc. The EPA is in the process of negotiating a long-term lease of this site from Teagasc. The headquarters building was constructed by the Office of Public Works (OPW) who financed the construction by means of a commercial loan. The EPA funds the annual loan repayments made by the OPW. The interest element of the repayments met by the EPA is accounted for in the year it arises. Both the asset and the associated funding arrangements have been recorded in the books of the EPA to reflect the substance of the underlying transactions.

15. Debtors and Prepayments

	2004	2003
	€	€
Debtors	1,619,292	1,874,286
Prepayments	1,000,962	824,552
Advances to OPW	2,007,895	507,895
	4,628,149	3,206,733

Prepayments

During 2003, a sum of €600,000 was advanced to Cork County Council, in respect of an agreement to purchase the remaining portion of the building at Inniscarra, which is currently shared by EPA and the Council. A further €250,000 was advanced to Cork County Council, in this respect during 2004.

Also during 2003, the Agency was made aware that the Broadband Network planned for Wexford Metropolitan Area would not extend to the Agency's Headquarters, in the grounds of Johnstown Castle Estate. After discussions with the Department of Communications, Marine and Natural Resources, it was agreed that the Broadband Network would be extended to Johnstown Castle. The Agency agreed to make a contribution in the sum of €100,000 to the Department of Communications, Marine and Natural Resources in respect of the additional costs involved. Work on the Broadband spur to Johnstown Castle had not commenced at the year end 2004.

Advances to OPW

During 2001, a sum of €507,895 has been advanced to the Office of Public Works in respect of the purchase of a site for a new regional inspectorate in Kilkenny. The purchase negotiations were finalised in 2004, and permission was obtained to proceed to tender stage with this project. A further €1,500,000 was advanced to the OPW in 2004, to enable them to fund the building costs in 2005.

All debtors fall due within one year.

16. Creditors and Accruals

	2004	2003
	€	€
(a) Amounts falling due within one year:		
Licence Fees	892,448	1,086,151
Trade and Other Expenses	5,396,985	2,845,026
Instalments due on purchase of Fixed Assets	334,225	344,057
	6,623,658	4,275,234
(b) Amounts falling due after more than one year:		
Instalments due on purchase of Fixed Assets	3,223,431	3,427,128

17. Pensions Obligations

For accounting periods beginning on or after 1 January 2005 Financial Reporting Standard 17 (FRS17) will require financial statements to reflect at fair value the assets and liabilities arising from an employer’s superannuation obligations and any related funding, and to recognise the costs of providing superannuation benefits in the accounting periods in which they are earned by employees.

As a transitional measure the Standard requires:

- ▶ for accounting periods ending on or after 21 June 2001 that the present value of scheme liabilities and
- ▶ for accounting periods ending on or after 21 June 2002 that the components of the defined benefit cost and the amounts recognised in the Statement of Recognised Gains and Losses to be disclosed in a note to the Financial Statements. The EPA is now adhering to the transitional arrangements under the Standard by disclosing the value of its unfunded liabilities.

In accordance with the independent actuarial report specially commissioned for this purpose, the aggregate results of the valuation are as follows:

	2004	2003
	€	€
Asset Value at mid market value	—	—
Present Value of scheme liabilities	65,000,000	53,120,000
Deficit in pension scheme	65,000,000	53,120,000

The financial assumptions used by the actuary to calculate the FRS17 disclosures were as follows:

	2004
▶ Rate of increase in salaries	3.50%
▶ Rate of increase in pensions in payment	3.25%
▶ Discount rate	4.75%
▶ Inflation rate	2.00%

Details of effect on Financial Statements if FRS17 were fully adopted

Analysis of the amount which would be charged to operating profit:

	2004
Current service cost	(2,130,000)
Past service cost	—
Charge to operating profit	(2,130,000)

Continued>

*Continued***2004****Analysis of the amount which will be charged to other finance income:****€**

Expected return on pension scheme assets	–
Interest charge on pension scheme liabilities	(2,900,000)
Net return / (charge)	(2,900,000)

**The amount which would be recognised in the Statement of
Total Recognised Gains and Losses (STRGL) is as follows:**

Actual return less expected return on scheme assets	–
Experience gains and losses arising on liabilities	(2,030,000)
Changes in assumptions	(4,820,000)
Actuarial loss which would be recognised in the STRGL	(6,850,000)

Analysis in movement in deficit during the year:

Deficit at 1 January 2004	(53,120,000)
Current service cost	(2,130,000)
Employer contributions	–
Past service cost	–
Other finance charge	(2,900,000)
Actuarial loss recognised in STRGL	(6,850,000)
Deficit at 31 December 2004	(65,000,000)

18. Board Members Interests

The Agency has adopted procedures to govern its decision making in accordance with the Environmental Protection Agency Act, 1992 and the Ethics in Public Office Act, 1995 and regulations made thereunder. These procedures have been adhered to by the EPA during the year.

19. Approval of Financial Statements

The Financial Statements were approved by the Board of Directors on 14 June 2005.

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