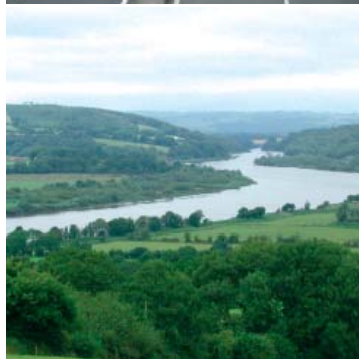




Environmental Protection Agency Annual Report & Accounts



2005

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 EPA 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;

- ◆ implementing key reports of the Air and Water Framework Directives;
 - ◆ 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;
 - ◆ preparing and implementing the National Waste Prevention Programme with specific focus on enterprise and local authority activities;
 - ◆ enforcing producer responsibility obligations in relation to the management of waste electrical and electronic equipment (WEEE) and the restriction on hazardous substances (RoHS) in electrical and electronic equipment;
 - ◆ co-ordinating the implementation of the EU ozone depleting regulation in Ireland;
- 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.

Environmental Protection Agency

Annual Report & Accounts

2005

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Mission

OUR MISSION is:

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 our stakeholders;

Value for Money;

Respect and support for colleagues;

Openness to learning.

Goals and Objectives

OUR GOALS AND OBJECTIVES are:

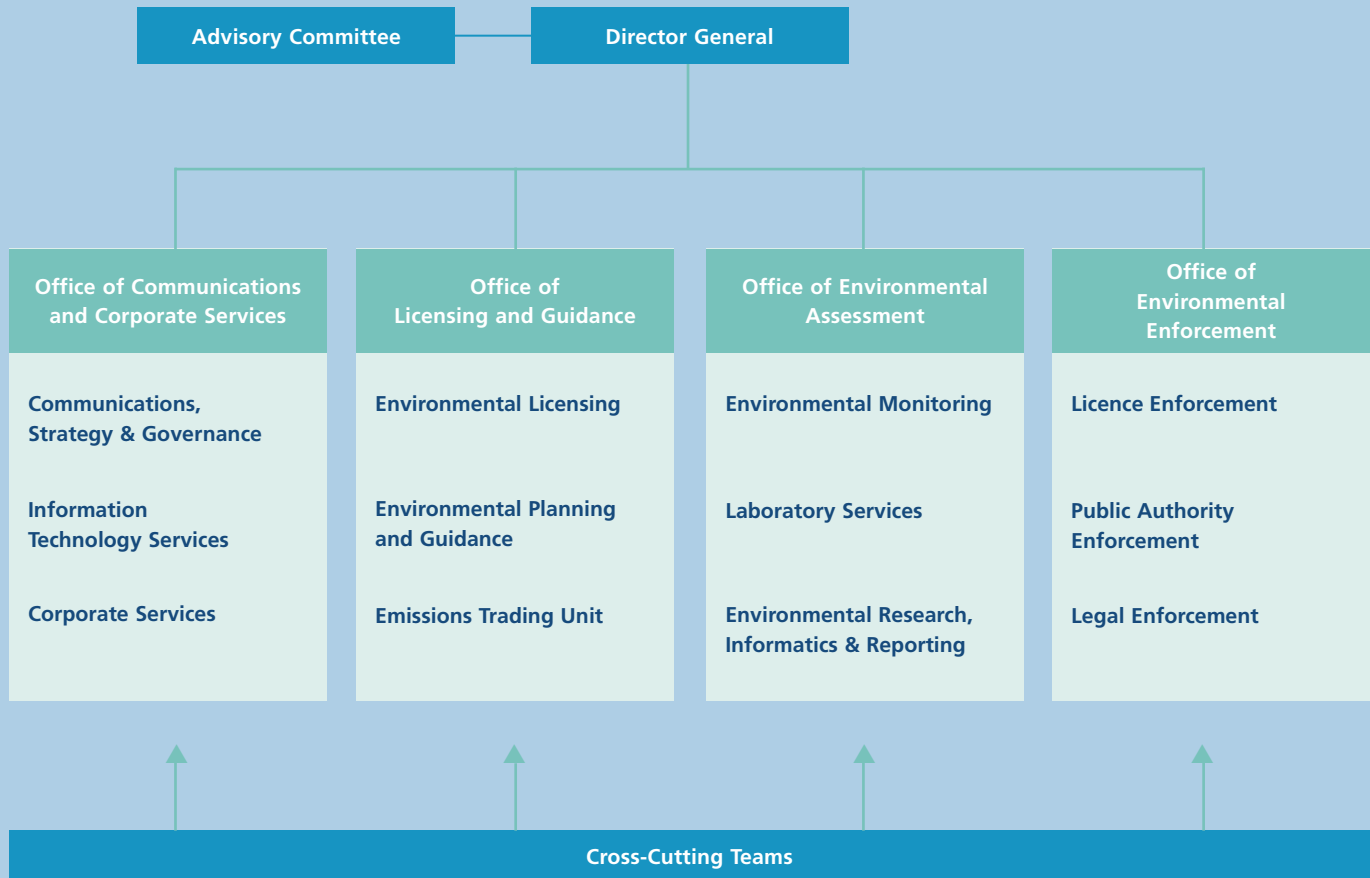
To be a powerful agent for change;

To build a high performance organization;

To meet the needs of our stakeholders;

To continually evaluate and improve what we do.

Organisational Structure



Board of Directors

Left to right

Larry Stapleton · Director, Office of Environmental Assessment

Laura Burke · Director, Office of Communications and Corporate Services

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

Mary Kelly · Director General

Dara Lynott · Director, Office of Environmental Enforcement





Director General's Statement

2005 was yet another busy year for the Environmental Protection Agency. At a national level the Office of Environmental Enforcement (OEE) has brought a new focus to enforcement of environmental legislation in Ireland. The OEE supervised the operation of the Environmental Enforcement Network, which during 2005 involved over 900 staff from about 50 public sector agencies and government departments in enforcing environmental law and in stamping out illegal waste activities. In 2005 the Network aided in reducing illegal waste trafficking to Europe, increasing compliance with waste export regulations at ports and assisting local authorities to increase their capacity to enforce environmental legislation.

A key priority for the EPA in 2005 was tackling illegal waste activities in Ireland and I am happy to report that major illegal waste activities have been stamped out. A comprehensive investigation published by the EPA in 2005 concluded that large scale illegal dumping was no longer taking place. Illegal cross border movement of waste had reduced significantly as a result of increased vigilance and cross border cooperation. While this is very welcome news, there is no room for complacency in this area and environmental enforcement authorities including the EPA will have to remain vigilant.

The discovery some years ago of a number of very large illegal dumps in Wicklow and elsewhere has left a legacy of problem sites needing remediation.

The EPA, along with local authorities, is continuing to work on finding the best solutions for these sites, while criminal investigations are ongoing at a number of them. I am confident that progress is being made in this area.

Enforcement of licences issued by the EPA continued to yield results. Assisted by our network of five laboratories, which provide a sampling and analysis service, the Office of Environmental Enforcement availed of a range of enforcement options to prevent or remedy pollution. These included inspections, audits, legal notices and prosecutions. In 2005, 20 new prosecutions were initiated; significantly a number of these are being prosecuted in the higher courts, reflecting the serious nature of the alleged offences. Legal action by the EPA led to investment by licensees of approximately €19 million by way of improvements to site infrastructure and management at various facilities. The EPA will continue to focus on enforcement of environmental legislation in the future.

On the licensing front, the EPA had a challenging year, having held two oral hearings on proposals for incinerator plants, and subsequently issuing the first licences for commercial municipal and hazardous waste incinerators. Conditions attached to these licences are amongst the most onerous in Europe, and require the facilities to meet the highest standards. Issues raised by the public at the oral hearings were addressed, and strengthened many of the conditions in the final licences.

Licensing the remediation of illegal waste sites has also provided a challenge for the licensing team in 2005 with many complex issues to be dealt with. I am happy to say that this issue is being dealt with, with the first remediation license issued and I look forward to bringing to a close the legacy issues

associated with the unacceptable practice of illegal dumping which occurred in the past. Alongside this has been the requirement to review all IPC licences to comply with the requirements of the IPPC Directive by 2007. This work is well underway at this stage with all IPC licences having been reviewed for compliance with the IPPC Directive requirements and a total of 123 having been amended in 2005 to bring them into compliance

2005 saw the commencement of the EU's Emissions Trading Scheme, which the EPA has responsibility for implementing in Ireland. The National Allocation Plan and Methodology, finalised in 2004, has proven to be robust and allocations for 2005 have been issued to operators' accounts. As participant companies surrender allowances for the first time in Spring 2006, the EPA now faces the challenge of ensuring efficient verification and administration of this process.

Work is already well advanced in preparing a National Allocation Plan for the second Kyoto phase 2008-2012 of the emissions trading scheme. The very significant advances made at the Montreal meeting of the Parties to the Kyoto Protocol make this work all the more important. The threat of irreversible climate change is becoming evermore imminent so it is important that we focus our efforts on mitigation and adaptation policies.

The EPA has a key role in enforcing the regulations that deal with recycling of waste from electrical and electronic equipment. These regulations were introduced in August 2005. Already, over 5,000 tonnes of waste from this source has been collected at recycling centres country-wide. Coupled with the success of the plastic bag tax and the continuing rollout of source segregated household waste collection, Ireland is making huge strides in waste management.

With the aim of reversing the trends of increased material use and waste generation in Ireland the EPA co-ordinates the National Waste Prevention Programme (NWPP) and, in 2005, launched a training programme for waste prevention and minimisation in collaboration with IBEC and the Clean Technology Centre. Twelve companies had commenced this training by the end of 2005.

In terms of environmental monitoring and reporting the EPA issued a number of reports in 2005. Water quality in Ireland remains of a high standard, with a decline in instances of serious pollution, although eutrophication (over-enrichment) from agriculture and the lack of municipal waste water treatment continue to be the biggest problems. Nevertheless, the long term trend in water quality indicates that the rate of loss of the higher quality waters (Q5, Q4-5) continues. This is something which needs to be reversed. During 2005 the EPA published a national report on local authority compliance with drinking water standards and the latest figures show that over 96 per cent of public water supplies complied with the drinking water standards. However, the overall level of compliance in private group water schemes remains unsatisfactory at approximately 78 per cent. Although air quality is also of a high standard, increasing traffic emissions remain a challenge to Ireland's ability to comply with EU air quality standards in the future. Dioxin levels in Ireland remain amongst the lowest in Europe.

The Water Framework Directive (WFD) 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 to improve the quality of all waters – both groundwater and surface waters – in all

Member States. Work continued during the year on several further aspects of the WFD, including the design of monitoring programmes and classification schemes and liaison with the various relevant bodies in the State, in Northern Ireland, in Great Britain and at the EU level.

Through its research programme, the EPA is generating knowledge and expertise needed to help protect and manage Ireland's environment. During 2005 the EPA continued to fund new research projects ranging from desk studies to large-scale multi-annual projects. To date it has provided funding to individual researchers and organisations – including colleges, research institutes and companies – for over 300 projects. A total of 12 research reports on the larger projects were published during the year.

In the summer of 2005, the EPA announced a research call, under seven thematic areas, with grants of over €10 million to be awarded. The research call was very well supported. In total 128 research proposals were submitted and research funding was requested in all thematic areas well in excess of the indicative budget. The research areas were Biodiversity; Environment & Health; Environmental Technologies; Soils; Urban Environment; Water Framework and Waste.

Progress was also made in developing the EPA's Environmental Research Centre (ERC) whose aim is to develop research capacity within the EPA in co-operation with third level colleges and other research bodies.

This year, as in the past, we have been working to improve public awareness of issues of critical environmental importance. This work included our

continued involvement in, and sponsorship of the EcoEye TV programme, the launch of educational resource packs consistent with primary and second level curricula, as well as ongoing association with schools' science projects. Every year we participate in a number of exhibitions and this year was the first time that we hosted a stand at the National Ploughing Championships. The feedback received from our stakeholders on such occasions is an invaluable input to our work.

Following a series of incidents in the Ringaskiddy area in 2005 the EPA reviewed its mechanisms for informing the public of notified incidents. The EPA now publishes details on its website of any significant incidents reported to the EPA and requiring investigation. The feedback we have received regarding this decision has been positive and the information has been well received. In 2006 the EPA will endeavour to make further progress in building trust with communities.

None of this work would be possible without the essential organisational support systems and structures that enable EPA to deliver effectively on its mandate nor without the dedicated and professional workforce that is the EPA. This is reflected in the verification by the Department of the Environment, Heritage and Local Government that the EPA successfully achieved the performance targets identified for 2005 in relation to meeting the challenges posed by the last National Agreement, Sustaining Progress.

The necessity for good corporate governance has become more important in recent years. Good corporate governance is just as important in organisations operating in the State or public sectors as it is for those operating in the private sector. The EPA is committed to maintaining the highest standards of corporate governance and providing a quality service to all our stakeholders.

I would like to express my appreciation to all the staff in the EPA for their hard work and commitment during 2005. Over the past number of years the EPA has been assigned a significant amount of new work in complex areas without any increase in resources. I am very glad to report that in 2005 the EPA has received sanction for a significant increase in staffing levels, which will allow us to carry out this work to very high standards. I am grateful to the Department of the Environment, Heritage and Local Government for their help in this regard.

I would also like to thank my fellow Directors in the EPA for their dedication and hard work in 2005 and the Advisory Committees upon whom we rely for sound advice on a range of issues, including waste prevention, genetically modified organisms and emissions trading.

Mary Kelly

Director General

June 2006

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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, enforcing the Waste Electrical and Electronic Equipment legislation, co-ordinating the National Waste Prevention Programme and the implementation of the EU Ozone Depleting Regulations in Ireland.

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 2005 are described further in the following section.

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



Office of Licensing and Guidance

The Office of Licensing and Guidance has a wide remit, which includes licensing large-scale industrial and waste facilities, permitting large petrol storage facilities and granting 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. In 2005 it was assigned key roles in the implementation of the Waste from Electrical and Electronic Equipment Directive, the Restriction of Hazardous Substances Directive and the Ozone Depleting Substances Regulations.

INTEGRATED POLLUTION PREVENTION AND CONTROL (IPPC) LICENSING

The EPA IPC licensing regime, which has been in operation since 1994, has been updated and strengthened since July 2004 to meet the requirements of the EU Directive on Integrated Pollution Prevention and Control (IPPC).

The IPPC licensing system has an increased emphasis on prevention with the aim of reducing emissions to air, water and land, reducing waste

and using energy efficiently. Large-scale or complex industrial processes with significant polluting potential require an IPPC licence.

All IPC licences have been reviewed for compliance with the IPPC Directive requirements and a total of 123 have been amended in 2005 to bring them into compliance. A further 64 will be subjected to a more detailed review commencing in 2006. During the course of the year 29 IPPC licences were granted while 3 licence applications were either withdrawn or abandoned. In addition 28 Proposed Decisions were issued. Details are shown in 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 managed by local authorities and private operators. The waste licensing process places stringent conditions on the operation of facilities to ensure that the potential environmental impact is strictly controlled.

The EPA granted licences for 9 landfills, 2 incinerators, 8 waste transfer stations, 2 hazardous waste disposal facilities, 4 compost facilities and 1 materials recovery facility. An application in respect of a compost facility in Co. Tipperary was refused

at proposed decision stage and subsequently abandoned. An application for a revised licence in respect of the storage of dredged sand and gravel in the Boyne Estuary was also refused. There were 3 other licence applications withdrawn or abandoned. In addition, 29 Proposed Decisions were issued. See Table 1.

In 2005 two oral hearings were held in relation to the two applications for the incineration of municipal and hazardous waste. These oral hearings related to proposed facilities in Carranstown, Duleek, Co. Meath and Ringaskiddy, Co. Cork. Having considered the recommendations in the Chairpersons' reports of the oral hearings the EPA granted the licences for these two facilities. The licences provide for incineration with energy recovery of non-hazardous waste in Duleek and incineration with energy recovery of both hazardous and non-hazardous waste in Ringaskiddy.

The EPA's policy of openness and transparency will be further enhanced with the online publication of all documentation received in relation to the EPA's licensing activities. The roll out of the system will commence in the first quarter of 2006.

Details of all EPA licences are available at www.epa.ie/Licensing.

TABLE 1
Licensing Activities in 2005

	IPPC Licences	Waste Licences	GMO Consents	Volatile Organic Compound Permits	Certificates of Registration
Applications considered	83	60	20	4	-
Proposed Decisions	28	29	-	2	-
Objections received	26	60	-	-	-
Final Decisions	29	26	17	4	157

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 2005 there were 205 entries on the register of GMO users in Ireland. More than 95 per cent of these relate to contained use, the majority of which are third-level research laboratories classified as being of negligible risk.

Fourteen consents were granted in 2005 for the contained use of GMOs and site inspections were carried out on 15 GMO contained use premises. At European level three consents were granted for placing GMOs on the market (deliberate release) within the European Union and the EPA played an active role in this regulatory procedure on behalf of Ireland.

During 2005 the EPA also hosted the European Enforcement Project Conference of GMO enforcement regulators. The conference focused on exchanging knowledge, information and expertise on the regulation and control of GMO activities.

The GMO Advisory Committee held two meetings in 2005.

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 four VOC permits, bringing the total number of VOC permits issued to date to 29.

CERTIFICATES OF REGISTRATION

The EPA uses Certificates of Registration to regulate low risk local authority waste recovery facilities.

In 2005 the EPA issued 157 Certificates of Registration. One hundred and forty of these were issued under the Waste Management (Permit) Regulations, 1998, 4 Certificates of Registration were issued under the new Waste Management (Waste Electrical and Electronic Equipment) Regulations 2005 and 13 Certificates were issued in respect of both Regulations.

EMISSIONS TRADING

The EPA is the competent authority responsible for implementing Emissions Trading in Ireland under the European Communities (Greenhouse Gas Emissions Trading) Regulations 2004. The Emissions Trading Scheme commenced on January 1, 2005. The scheme works on a "Cap and Trade" basis. All EU 25 governments are required to set an emission cap for all installations covered by the scheme. Each installation is allocated allowances for the particular period in question. The number of allowances allocated to each installation for any given period is determined on the basis of the National Allocation Plan.

Following extensive public consultation the final National Allocation Methodology and Final Allocation Decision 2005-2007 was published by the EPA in March 2005. This defines the basis on which allocations of greenhouse gas emission allowances are to be made for the initial phase of the scheme.

Allowances totalling 66.96 million tonnes are to be allocated as set out in Table 2.

Greenhouse Gas Emissions Permits were issued to installations capable of monitoring and reporting emissions in accordance with the requirements of the Regulations. At the end of 2005, 109 installations held valid permits.

A National Emissions Trading Registry was established, which ensures the accurate accounting of the issue, transfer, cancellation and surrender of emission allowances within the Emissions Trading Scheme. In accordance with the Final Allocation Decision, allowances for 2005 have been issued into each installation's Registry Account. The Registry is accessible at www.etr.ie.

The rules of the Emissions Trading System require the annual verification of data and information relating to greenhouse gas emissions prior to the surrender of allowances to the EPA. The EPA appointed the Irish National Accreditation Board (INAB) to establish a panel of emissions verifiers that are qualified to undertake this work and that are accredited by INAB.

The EPA also held consultation meetings in 2005 with stakeholders in the Emissions Trading Scheme in

preparation for the second National Allocation Plan for emissions allowances covering the period 2008-2012.

Full details of the work of the Emissions Trading Unit including details of permitted installations are accessible at www.epa.ie/Licensing/EmissionsTrading.

TECHNICAL GUIDANCE

The EPA produces technical guidance on a variety of topics to support environmental best practice as well as licensing and enforcement activities. Guidance documents were published in 2005 on Ozone Depleting Substances, Solvents Regulations and Strategic Environmental Assessment. These and all other guidance documents are available at www.epa.ie/TechnicalGuidanceandAdvice.

NATIONAL WASTE PREVENTION PROGRAMME (NWPP)

The National Waste Prevention Programme (NWPP), which the EPA co-ordinates, aims at reversing the trends of increased material use and waste generation in Ireland. The first annual report for the programme was published in 2005 and is available at www.epa.ie/OurEnvironment/Waste/NationalWastePreventionProgramme. The National

TABLE 2
Final Allocation Decision 2005-2007

Installations permitted before March 31, 2004	65,006,999
New Entrant Set Aside	1,004,400
Combined Heat and Power Set Aside	446,400
Auction	502,201
Total	66,960,000

Waste Prevention Committee met twice in 2005 and provided strategic advice on the NWPP projects.

In 2005 the EPA launched a training programme for waste prevention and minimisation in collaboration with IBEC and the Clean Technology Centre. Twelve companies had commenced this training by the end of 2005.

The Local Authority Prevention Demonstration Programme was launched in 2005 with an invitation to all local authorities to apply for grant aid to support their local waste prevention efforts.

A web based resource collating information relating to waste in Ireland was developed and is available at www.epa.ie/ourenvironment/waste. For the first time, these pages electronically link all waste policies, plans, recycling and prevention programmes in Ireland.

WASTE FROM ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE)

The EU Waste from Electrical and Electronic Equipment (WEEE) Directive came into force in Ireland in August 2005. The objective of the Directive is to prevent the generation of electrical and electronic waste and to promote reuse, recycling and other forms of recovery. The EPA has been assigned a key role in coordinating the enforcement of the national regulations implementing this Directive.

EPA inspections of retail premises commenced when regulations came into effect on 13 August 2005. Over 200 companies were under investigation by the EPA for possible non-compliance with the

requirements of the Directive at the end of 2005. Legal action had been instigated in 3 cases.

STRATEGIC ENVIRONMENTAL ASSESSMENT (SEA)

Under the EU Strategic Environmental Assessment 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. These include development plans for energy, transport, telecommunications and land-use, for example, as well as waste and water management plans. 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.

In 2005 the EPA was consulted on over 100 plans for the purposes of Screening and Scoping for SEA. Most of these plans related to land-use planning.

New web based SEA resources and information were developed by the EPA and launched in 2005 to help plan/programme makers and the general public in their search for relevant environmental information. It is accessible on the EPA website at www.epa.ie/TechnicalGuidanceandAdvice/StrategicEnvironmentalAssessment.

A number of initiatives have been taken by the EPA to develop capacity in the area of SEA in Ireland. The EPA organises training and workshops for environmental authorities and has undertaken a pilot SEA of the Midlands Regional Waste Management Plan.



Office of Environmental Enforcement

The Office of Environmental Enforcement 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 Office in 2005 was tackling illegal waste activities in Ireland.

ENVIRONMENTAL ENFORCEMENT NETWORK

The EPA co-ordinates a National Environmental Enforcement Network which harnesses the collective resources, expertise and investigative capacity of all public sector agencies and government departments that can contribute to enforcing environmental law in Ireland. The network is now up and running with over 900 staff from about fifty agencies involved including the Environmental Protection Agency, all local authorities, An Garda Síochána, the National Bureau of Criminal Investigations, the Criminal Assets Bureau, the Revenue Commissioners, the Northern Ireland Environment & Heritage Service,

the Police Service of Northern Ireland, the Fishery Boards, the Health Services Executive and several Government Departments.

In 2005 there was a major reduction in the illegal trafficking of waste from the Republic of Ireland to Northern Ireland which resulted from increased coordination and intensification of enforcement activity on both sides of the Border.

Illegal trafficking of waste to mainland Europe was also reduced by tightening up procedures for controlling the transfrontier shipment of waste, stepping up inspections at ports and increasing involvement by local authorities in international coordinated inspections of waste loads.

Identification of regional waste enforcement issues and increased regional coordinated enforcement actions involving multiple agencies (e.g. coordinated multi-agency road-side inspections; joint EPA and local authority inspections of waste facilities; and targeted inspections of construction and demolition waste sites) was one of the major achievements of 2005. These coordinated enforcement actions are now occurring on a regular basis throughout the country.

Comprehensive guidance on enforcement issues including detection and inspection techniques, complaints handling and resolution, evidence gathering and court preparation was developed and disseminated to over 400 enforcement inspectors. Advanced unauthorised waste enforcement skills training was delivered in 2005 to 60 local authority enforcement officers with plans being put in place to train all remaining staff that need to be trained.

A consistent approach to conducting environmental inspections in accordance with the EU Recommendation on Minimum Criteria for Environmental Inspection was developed, including the progression of a basic inspection skills training programme for all environmental inspectors. A national environmental complaints system for handling and resolving environmental complaints was also developed.

National conferences and workshops for enforcement network staff on transfrontier shipment of waste, waste enforcement, water enforcement, environmental inspections and environmental complaints investigation were held throughout 2005 which resulted in awareness of such enforcement issues being raised.

The Environmental Enforcement Network has identified a number of key priorities for 2006 including consolidating and building on the regional approach to tackling unauthorised waste activity and continuing to develop linkages between An Garda Síochána and the other bodies enforcing waste legislation, particularly in relation to the detection, investigation and prosecution of environmental crime.

UNAUTHORISED WASTE ACTIVITIES

The Office of Environmental Enforcement commissioned a major investigation into unauthorised waste activities in Ireland which was completed and published in 2005. Focusing on activity since the introduction of the Waste Management Act 1996, the report set out, for the first time, a comprehensive overview of the issues underpinning the waste management sector and the scale of unauthorised waste activity around the country.

The report concluded that large-scale illegal dumping of the type that occurred in Co. Wicklow during the period 1997 to 2002 was no longer taking place. The investigation found that illegal cross border movement of waste had reduced significantly as a result of increased vigilance and cross border co-operation.

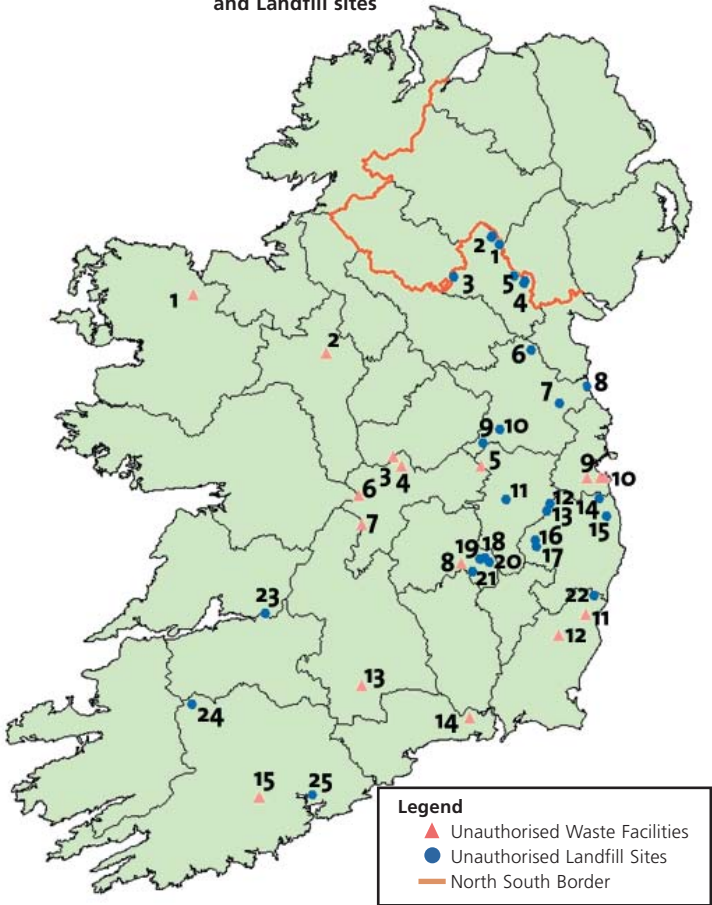
Report highlights:

- ▶ A total of 25 unauthorised landfills were reported. The cumulative quantity of household waste estimated to be contained in these landfills is in the region of 50,000 tonnes.
- ▶ Fifteen waste facilities were identified as operating without authorisation. Of major concern is the fact that some of these facilities were owned and operated by local authorities.
- ▶ Unauthorised collection of waste is a significant problem with over 50 per cent of local authorities reporting problems in this area. The unregulated, small-scale 'man in the van' operators account for some of the increase in illegal fly-tipping reported.
- ▶ Approximately 80 per cent of all local authorities identified backyard burning as being a significant issue. Backyard burning contributes over 50 per cent of all dioxin emissions in Ireland and is more prevalent in rural areas.
- ▶ In 2003, 21 per cent of households (one in five) were either not served by or not availing of a waste collection service. On an annual basis this could involve up to 287,000 tonnes of household waste.

- The waste stream that has resulted in the greatest level of illegal activity is construction and demolition waste. Over 80 per cent of the waste found in unauthorised landfills was construction and demolition waste.

An action plan arising from the report is now being implemented through the Environmental Enforcement Network by the EPA, local authorities, the Department of the Environment, Heritage and Local Government and other agencies.

FIGURE 1: Locations of Unauthorised Waste Facilities and Landfill sites



Location of Unauthorised Landfill Sites

Map ID	Location
1	Kilmurry, Cullaville, Co. Monaghan (Site 1)
2	Kilmurry, Cullaville, Co. Monaghan (Site 2)
3	Colemann Island, Clones, Co. Monaghan
4	Oram, Castleblayney, Co. Monaghan
5	Tullycaghney, Castleblaney, Co. Monaghan
6	Drumconrath, Co. Meath
7	Timoole, Co. Meath
8	Laytown, Co. Meath
9	Clonard, Co. Meath
10	Longwood, Co. Meath
11	Pollardstown, Kildare
12	Roadstone Quarry, Blessington, Co. Wicklow
13	Russborough, Co. Wicklow
14	Killegar, Enniskerry, Co. Wicklow
15	Kilpedder, Wicklow
16	Whitestown, Wicklow
17	Stevenson's Quarry, Castleruddery, Co. Wicklow
18	Oldcourt, Ballylynan, Co. Laois
19	Ballycorman, Ballylynan, Co. Laois
20	Ballynagarr, Ballylynan, Co. Laois
21	Newtown, Castlecomer, Co. Laois
22	Coolgreaney, Gorey, Co. Wexford
23	Parteen, Co. Clare
24	Rockchapel, Co. Cork
25	Weir Island, Carrigtwohill, Co. Cork

Unauthorised Waste Facilities Operators

Map ID	Operator
1	Loftus Recycling Ltd
2	Beirnes Bins
3	Mr. Greg Kinehan
4	Mr. Hugh Moran
5	Mr. John McCann
6	Mr. Ciaran Yates
7	Mr. Martin Bannon
8	Scully Skip Hire
9	South Dublin County Council
10	Dun Laoghaire Rathdown County Council
11	Greenstar
12	Murray Waste
13	Duggan Skip Hire
14	Waterford City Council
15	Mr. Sean Murphy

LICENCE ENFORCEMENT

In 2005 a total of 173 audits and 703 inspections of IPPC and Waste facilities were conducted. The total number of non-compliance notices served during the year was 619. Eight statutory notices were also issued. The main notifications of non-compliance were in relation to waste management, bunding/containment facilities and exceedances of emission limits. See Table 3.

During 2005 the number of complaints made to the EPA in relation to IPPC facilities and waste facilities numbered 466 and 657 respectively. The majority of these complaints related to 50 waste facilities where the most common cause of complaints concerned odours. Over half of all waste complaints received related to six facilities. Five IPPC facilities accounted for just over 40 per cent of all licenced industry complaints and were concerned with odours, air quality, noise, water and dust.

TABLE 3
Licence Enforcement
Activities in 2005

	IPPC	Waste	Total
Inspections	417	286	703
Audits	113	60	173
Monitoring Visits	561	114	675
Statutory notices issued	7	1	8
Notifications of non-compliance issued	426	193	619
Complaints	466	657	1123
Prosecutions taken	10	10	20

LEGAL MATTERS

Prosecution is one enforcement tool available to the EPA. Others include legal notices to implement specific measures to prevent or remedy pollution.

Twenty cases were brought against licensees before the District Courts in 2005. Convictions were handed down in 16 of these cases, three were referred to higher courts and one was dismissed on a court technicality. The majority of the charges related to persistent breaches of emission limit values, failure to install infrastructure and failure to submit information to the EPA as required under licence conditions.

The Director of Public Prosecutions directed that Books of Evidence be served in the three cases that were referred to the higher courts. These have been returned for trial in the Circuit Court with dates in early 2006.

One case is currently with the Director of Public Prosecutions for consideration on whether to proceed on indictment.

At of the end of December 2005, the EPA had 11 District Court cases on hand and a further 20 prosecutions had been instigated. Legal action taken by the EPA led to investment by licensees in the region of approximately €19 million by way of improvements to site infrastructure and management.

PUBLIC AUTHORITY ENFORCEMENT

The EPA exercises a supervisory role in respect of environmental protection activities of local authorities. In 2005, 22 audits of local authorities were carried

out on wastewater and drinking water treatment plants. In addition, 244 investigations were carried out on foot of 455 complaints made to the EPA in relation to activities that were the responsibility of local authorities. Thirty nine per cent of these complaints related to waste issues, 36 per cent in relation to water issues with the remainder relating mainly to, odour, noise and planning. As a result of these investigations, 76 advice and recommendation notices were issued to local authorities. Two proposed directions were also issued in relation to waste management issues, one to Wexford County Council and the other to Kilkenny County Council. In both cases, the issues were resolved to the satisfaction of the Agency. See Table 4.

TABLE 4
Public Authority Enforcement
Activities in 2005

Audits	22
Investigations Conducted	244
Advice and Recommendation Notices	76
Proposed Directions Served	2
Directions Served	0

LOCAL AUTHORITY COMPLIANCE REPORTING

During 2005 the EPA published a national report on local authority compliance with drinking water standards. The latest figures show that over 96 per cent of public water supplies complied with the drinking water standards. However, the overall level of compliance in private group water schemes remains unsatisfactory at approximately 78 per cent. The report concluded that more work needs to be

done by Local Authorities on protecting drinking water sources such as rivers and lakes and a key concern highlighted in the report is the risk to water supplies and public health arising from the parasite cryptosporidium.

ABANDONED MINES

During 2005, the EPA, the Department of Communication, Marine and Natural Resources and the Geological Survey of Ireland embarked on a joint project to characterise historic mine sites in Ireland. The project commenced in late 2005 and is expected to run for two years. The project will result in better quality information about historic mine sites in Ireland and their impact on the environment.

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.

The EPA was actively engaged in a number of IMPEL projects during 2005. Areas of involvement included Transfrontier Shipment of Wastes, waste permitting, conflict resolution and the interface between environment and human health.



Office of Environmental Assessment

The Office of Environmental Assessment is responsible for ambient monitoring of water and air, for preparing national monitoring programmes and a national hydrometric programme, for providing sampling and laboratory assistance to local authorities and for monitoring and providing various laboratory related services to support the EPA's licensing and enforcement functions.

It also has responsibility for the following: co-ordinating a national environmental research programme; establishing environmental databases; producing regular reports on environmental quality; and publishing periodic State of the Environment Reports. In addition the remit of the Office includes implementing key aspects of the EU Air Framework Directive and EU Water Framework Directive, and the Office operates Ireland's National Focal Point for the European Environment Agency (EEA).

WATER QUALITY MONITORING

The Water Quality in Ireland Report 2001-2003 was published in 2005 and found that, overall Ireland's water quality remains of a high standard. The report concludes that the long term trends in river and stream water quality (see Figure 2) indicate

a decline in instances of serious pollution in such waters in recent years and that eutrophication (over-enrichment by nutrients) of waters continues to be the main threat to the waters with agricultural run-off and municipal discharges being the key contributors. Nevertheless, the long term trend in water quality indicates that the rate of loss of the higher quality waters (Q5, Q4-5) continues. This is something which needs to be reversed.

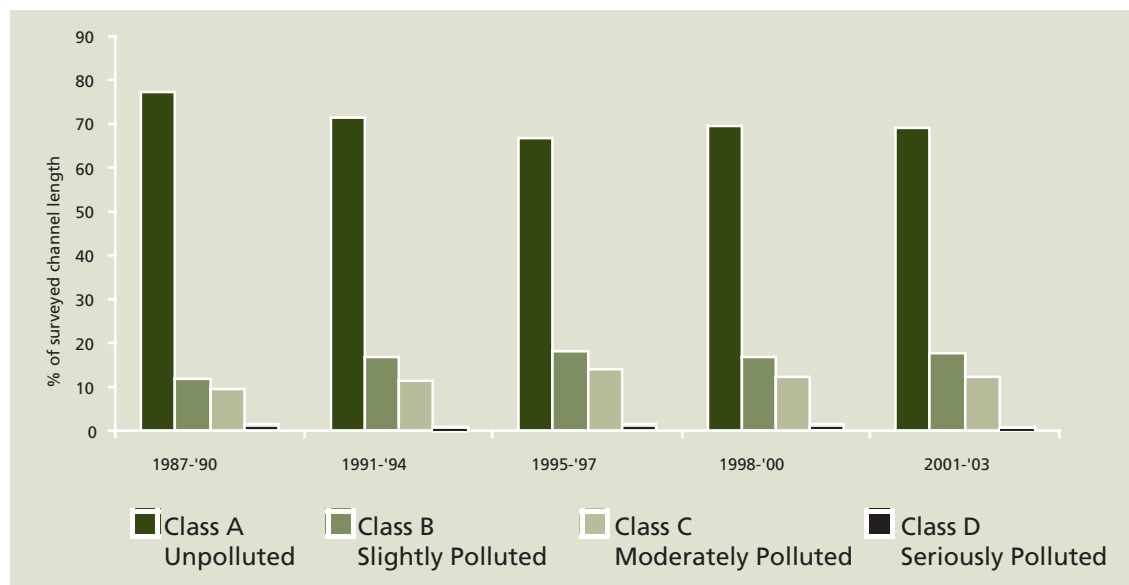
Work continued during the year on implementing national monitoring programmes in respect of groundwaters, tidal waters, lakes and the biological quality of rivers. The latter involves surveys of 3,200 river sites on a three-year cycle.

WATER FRAMEWORK DIRECTIVE

The Water Framework Directive (WFD) 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 to improve the quality of all waters - both ground water and surface waters - in all Member States.

The EPA convenes the National Technical Co-ordination Group for the Water Framework Directive. The group co-ordinated the preparation of a Characterisation Report for Ireland's River Basin Districts. This report dealt with the physical, chemical and biological nature of surface and ground waters, the human impacts on these waters and provided an assessment of the risk of these waters failing to achieve the objectives of the Directive by 2015. The EPA submitted a national summary of the Characterisation Report to the EU Commission in March 2005.

FIGURE 2:
Water Quality in Ireland



Work continued during the year on several further aspects of the WFD, including the design of monitoring programmes and classification schemes and liaison with the various relevant bodies in the State, in Northern Ireland, in Great Britain and at the EU level.

AIR QUALITY MONITORING AND EMISSIONS INVENTORY

The Environmental Protection Agency's Air Quality and Emissions to Air Report 2003, published in 2005, provides an overview of ambient air quality in 2003 and air emissions trends between 1990 and 2003. The report concludes that:

- In general, air quality in Ireland has maintained a good status throughout the country.
- Increasing traffic emissions remains a key challenge to Ireland's ability to comply with more stringent EU air quality standards in the future.

- Strict limits have been set by the EU for acidifying gases which arise mainly from power stations, road traffic, solvent use and agriculture (ammonia). Fundamental changes, entailing substantial costs, are needed in these key sectors of the economy to meet these limits.

The EPA's web site provides, using a map-based interface, details of all the air monitoring activity throughout the country. The information can be accessed through a map of Ireland showing the various monitoring sites at www.epa.ie/OurEnvironment/Air/AccessMaps.

A report on Dioxin Levels in the Irish Environment (Summer 2004) was published in October 2005 and confirmed that dioxin levels in Ireland remain among the lowest in Europe. The report showed that in general dioxin levels in Ireland in 2004 were 33 per cent lower than in 1995 and 20 per cent lower than in 2000.

The EPA also prepared air emission inventories for submission to international bodies including long range transport of air pollution, a national inventory report on greenhouse gases and data on sulphur dioxide and nitrogen oxides.

BATHING WATER QUALITY

The quality of Ireland’s bathing waters continues to be of a high standard based on the findings of the 2004 Bathing Water Quality Report which was published in 2005. The report associates the high quality of bathing waters with investments in recent years in waste water treatment facilities. A total of 131

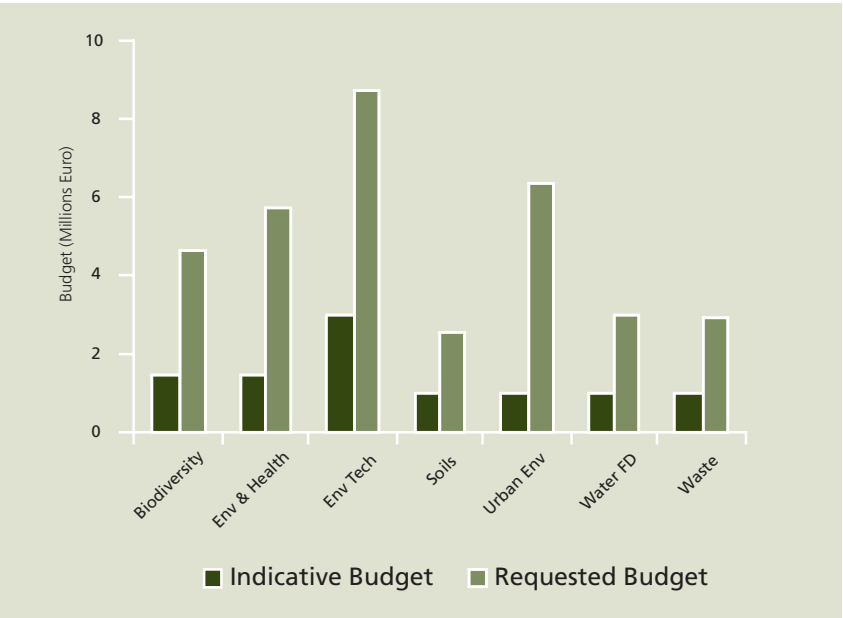
bathing areas, both seawater and freshwater, were monitored throughout the 2004 bathing season.

The report showed that in 2004, 128 of the 131 bathing areas (98 per cent) complied with the mandatory standards laid down under EU legislation and that 115 of the 131 (88 per cent) bathing areas complied with the much stricter guideline standards specified by the EU.

ENVIRONMENTAL RESEARCH

Through its research programme, the EPA is generating knowledge and expertise needed to help protect and manage Ireland’s environment.

FIGURE 3:
Indicative and Requested Budget for each Research Thematic Area in 2005



During 2005 the EPA continued to fund new research projects ranging from desk studies to large-scale multi-annual projects. To date it has provided funding to individual researchers and organisations - including colleges, research institutes and companies - for over 300 projects. A total of 12 research reports on the larger projects were published during the year.

In the summer of 2005, the EPA announced a research call, under seven thematic areas, with grants of over €10 million to be awarded. The research call was very well supported. In total 128 research proposals were submitted and research funding was requested in all thematic areas well in excess of the indicative budget (see Figure 3). The research areas were Biodiversity; Environment & Health; Environmental Technologies; Soils; Urban Environment; Water Framework and Waste.

Significant progress was made during the year, in co-operation with the Northern Ireland Environment and Heritage Service, in upgrading and expanding the content of the North-South website of environmental research - aNSwer. (See www.answer-online.org).

Progress was also made in developing the EPA's Environmental Research Centre (ERC) whose aim is to develop research capacity within the EPA in co-operation with third level colleges and other research bodies. A total of 15 research projects had been implemented by the end of 2005 within the ERC.

LABORATORY SERVICES

In 2005, approximately 22,750 samples were taken and analysed for a range of chemical and, where appropriate, microbiological parameters. This involved a total of approximately 340,000

analytical measurements. The samples were taken from rivers, lakes, groundwaters, tidal waters, landfill leachates, effluents and air emissions. The work was undertaken as part of national monitoring programmes, in support of environmental enforcement, and for regional programmes on behalf of local authorities in the south-east, west and north-east.

INTERCALIBRATION PROGRAMME

The number of laboratories involved within the EPA's intercalibration programme, increased by 5 to 119 in 2005. These include local authority and contract laboratories, other laboratories supplying data to the Agency and also the Agency's five regional laboratories. The register of laboratories, provided for under Section 66 of the EPA Act 1992 is available for inspection at the EPA Headquarters and also at <http://www.epa.ie/PublicAuthorityServices/LaboratoryIntercalibrationProgramme/>.

HYDROMETRIC PROGRAMME

The EPA's hydrometric programme collects information on the levels, volumes and flows from a network of 1500 stations on rivers, lakes and groundwaters. During 2005 summary statistics for this programme were published on the EPA web site and more detailed information was provided on request in support of a wide variety of infrastructural developments across the country and also for environmental protection purposes, as an input to flood risk management and to guide the development of water resources. The Hydrometric Programme also contributed to various aspects of the implementation of the Water Framework Directive.

INFORMATICS AND REPORTING

The EPA's Informatics Unit played a key role in the generation, collation and verification of Geographic Information Systems (GIS) datasets required for the Water Framework Directive Characterisation Report and its submission to the European Commission in March 2005. The report contains some 219 GIS generated maps. In addition work was largely completed on a project aimed at obtaining digital site plans for all EPA licensed sites. A water data management project is currently underway that will provide for improvements in meeting international reporting obligations in addition to providing more comprehensive and timely data on the state of the water environment.

EUROPEAN ENVIRONMENT AGENCY

The EPA, as National Focal Point, continued its co-ordination role in providing information to the European Environment Agency for the purpose of environmental assessment at a European level and provided support to various other EEA activities.

2

Corporate Governance and Organisational Development

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

The functions of the OCCS include 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 Office is also 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

The EPA Strategic Framework 2003 - 2006 continued to be implemented as scheduled during 2005. Reports on its implementation were submitted to the EPA Board on a quarterly basis. A mid-term review of the Strategic Framework was completed and priorities from this were identified.

CORPORATE GOVERNANCE

The EPA is committed to maintaining the highest standards of corporate governance and embedding the culture of good governance in all Offices and business units. As part of the ongoing implementation of the *Code of Practice for the Governance of State Bodies*, the EPA continued to progressively implement its Internal Audit Plan. The Internal Audit Committee (IAC) held 4 meetings in 2005. The IAC also agreed a revised two-year Audit Plan covering the period 2006 - 2007.

The EPA completed a formal Business Risk Assessment in 2005 and prepared a Corporate Risk Register and a Risk Management Policy.

QUALITY CUSTOMER SERVICE

During 2005 the EPA established a Quality Customer Service (QCS) Cross-Cutting Team to further embed a QCS ethos into the organisation and to oversee the implementation of its commitments from its *Quality Customer Service (QCS) Action Plan 2003 - 2006 and its Customer Charter*. No customer service complaints were received during 2005. Both the QCS Action Plan and the Customer Charter are available on the EPA website.

COMMUNICATIONS

The EPA sponsored the first annual *Environment Ireland* conference in September to provide a forum in recognition of the growing importance of the environmental agenda in Ireland. The conference, attended by over 300 delegates, addressed the most significant developments in environmental policy North and South, the future environmental policy agenda; best practice environmental management and emerging issues and new technologies.

A review was conducted of the EPA's incident notification and emergency response protocols. The review recommended that details of any new incidents reported to the EPA and requiring investigation should be made available to the public on the EPA website. Information on any such incidents is now available on www.epa.ie/NewsCentre/IncidentNotification.

The EPA media relations office handled 640 press queries in 2005, a rise of 9 per cent over the previous year. A regional media campaign was run in the latter part of the year to raise awareness of two growing waste issues, the "Man in the Van" and "Backyard Burning" through a series of articles and advertisements.

The EPA carried out an extensive communications audit in the latter part of the year to assess customers' needs and perceptions of the EPA. This was a follow-up to the first communications audit carried out by the EPA in 2003. Questions in relation to Quality Customer Service (QCS) were included as part of this audit.

A brochure called *Ireland's Environment, Who Does What?* was launched by the EPA in April and provides an overview of the core players involved in protecting, monitoring, policing and planning for a better environment. It can be accessed on the EPA website at www.epa.ie/ContactUs/WhoDoesWhat.

Other publications included the Annual Highlights document which was published and distributed in January 2005 to provide information on the key undertakings of the EPA during the previous year, three *EPANews* newsletters and the first Environmental Network Newsletter.

A new on-line publications facility was added to the EPA website mid-year. It allows customers to shop for EPA publications and make credit card payments via the website. A list of the 2005 EPA publications is at Appendix 1.

The Strategic Policy Research Unit published a discussion paper in January on the costs and benefits of developing a network of centralised anaerobic digesters in Ireland, and held a stakeholder workshop to discuss the barriers to the development of anaerobic digestion. The Unit also published a series of EPA Viewpoint papers covering a range of topics, highlighting key environmental issues, the role of the EPA, government departments, local authorities and other state agencies, as well as listing recommendations for future action. These can be accessed on the EPA website at <http://www.epa.ie/NewsCentre/EPAViewpoints/>. A national survey of public perceptions, attitudes and values on the environment was undertaken from which a research report is to be published in 2006.

EDUCATION

A major new resource for Leaving Certificate Geography teachers was developed to complement the new geography curriculum. It can be accessed on the EPA website at www.epa.ie/Education/SecondLevelSchools/LeavingCertificateGeographyPack.

The EPA housed a new waste exhibition in ENFO for three weeks in June and facilitated workshops for attending students. Staff also engaged with stakeholders, including the general public, at 20 national and local events, including the BT Young Scientist and Technology Exhibition, the BA Festival of Science and the National Ploughing Championships.

Series three of the popular television programme *EcoEye* was broadcast early in 2005 and repeated in the summer. Approximately 300,000 viewed each programme, the highest ever viewings for the series. A fourth *EcoEye* series was in development during the year for broadcast in the first quarter of 2006.

INFORMATION TECHNOLOGY SERVICES

The EPA's Information Management & Technology (IM&T) Strategy is focused on the collection, analysis and dissemination of a vast array of information, with a large number of organisations and individuals at a local, national and international level. During 2005, progress has been made at an operational and strategic level.

At an operational level the IT support team serves staff in 10 different locations. The Information Technology infrastructure and services were

improved by upgrading the e-mail system and computer storage facilities, extending the use of mobile computing facilities and video conferencing facilities. An annual IT training programme for staff was also commenced during 2005.

A governance process and a technology roadmap were established to ensure that information technology investments decisions are made in conjunction with senior managers in the four Offices of the Agency.

The IT service to the regional offices will continue to be enhanced in 2006. There will also be a focus on the development of systems for monitoring and measuring water quality in line with the Water Framework Directive and the enforcement systems. This will improve external and internal access to integrated environmental information. To cater for the ever-growing demand for information, a collaborative approach will be taken with internal and external stakeholders, who produce or use environmental data, to ensure that their input is taken into account in the design of these new systems.

HUMAN RESOURCES

The EPA's approved staff complement at 31 December 2005 was 264. Some 123 of the staff are located at its Headquarters in Wexford and the remaining staff are located in Regional Inspectorates and Offices throughout the country.

During the year, a new computerised Human Resource information management system was

developed and implemented. A web-based Time and Attendance system that interfaces with the new Human Resource system was also installed throughout the EPA.

All EPA personnel policies and procedures were audited and reviewed in 2005 to ensure compliance and currency with legislation and best practice.

STAFF DEVELOPMENT & TRAINING

The EPA's commitment to staff training and development continued in 2005 with the renewal of accreditation to the FÁS "Excellence Through People" standard, Ireland's national standard for human resource development.

Direct expenditure on training in the year amounted to over €485,000, in line with 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 194 training courses, workshops, conferences and seminars at home and abroad, amounting to a total of 1608 training days. The Agency also continued its commitment to support staff pursuing relevant courses of study in their own time.

In conjunction with the development of the Upward Feedback module of the Performance Management and Development System (PMDS), the Agency also developed and implemented a core competency framework during 2005. Core competencies identified for all staff are Customer Service, Teamwork, Communications and Quality and Clarity of Work. All staff received training in this area.

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. In 2005 the Committee was extended to include the Regional Managers in their capacity as Local Safety Managers.

In 2005 an emphasis was placed on heightening awareness of safety, health & welfare matters, including an extensive safety training programme, and the development of a Health & Safety section on the Intranet. A thorough review of the Safety Codes of Practice was also completed in 2005.

SUSTAINING PROGRESS

The EPA remains committed to meeting the challenges posed by the National Agreement, *Sustaining Progress*. The EPA successfully achieved its performance targets identified for 2005. The Sustaining Progress 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. Two progress reports were submitted to and approved by the Department of the Environment, Heritage and Local Government in 2005.

BOARD OF THE EPA

The Board of the EPA held forty-seven meetings in 2005 including 36 technical meetings.

FREEDOM OF INFORMATION (FOI)

During 2005, the EPA received 21 FOI requests. Of these, 4 requests were granted in full, 9 were part granted, 3 were handled outside FOI and 5 were refused. Two requests were received for internal review and none were subsequently appealed to the Office of the Information Commissioner. An appeal from 2004 was still under consideration by the Commissioner's Office at year-end.

CAPITAL PROGRAMME

The EPA continued to pursue the provision of additional accommodation in three of the Regional Inspectorates. Sanction and funding for the construction of a new Regional Inspectorate in Kilkenny was secured and a twelve-month contract

was awarded in September 2005. The extension to the Regional Inspectorate in Castlebar commenced in February 2005 and was completed by the end of the first quarter in 2006. Refurbishment of the first phase of the additional accommodation secured from Cork County Council for the Regional Inspectorate in Inniscarra, was completed in December 2005.

Sanction to design and plan for an extension to the EPA Headquarters was also secured in 2005.

CONSULTANTS

During 2005, 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 5.

TABLE 5
Consultants engaged in 2005

AEA Technology Plc	Carl Bro Intelligent Solutions	Scan Image Services Ireland (SISI)
Infratech Ltd	Millward Brown IMS	Evros-The Computer Centre
Achilles Procurement Services	Clara Clark Event Management	SLR Consulting Ltd
Institute of Public Administration	McCauley Analytical Institute	Environment & Resource Mngt
Advance Systems (Ire) Ltd	Clean Technology Centre	Speed-It Ltd
JSR IT Consultancy	Newstead Consulting Ltd	Eireann Design
AG Education Services Ltd	Shane Colgan	Sysco Software Solutions
Kingsley Recruitment	Organisation Design Consultants Ltd	Enviros Consulting Ltd
Alcontrol Geochem (Ireland)	Consult-Us Ltd	TE Labs
Nicholas Kenny	Brenda O'Hanlon	ESRI Ireland Ltd
AMAS Limited	Crowleys DFK	Terminal Four
Komex	Pyramid Consulting	Fehily Timoney & Co
Apex Geoservices Ltd	Clarion Consulting	TMS Consultancy Ltd
Levett-Therivel	E.G.Pettit & Company	Federal Security Services
Aquatt Uetp Ltd	Computer Futures Solutions	TMS Environment Ltd
Mayo Editorial Electronic Publishing Services Ltd	Project Management Ltd	Focus Environmental
B2E Ltd	Coyle Hamilton Willis	TNO Enviro, Energy & Process Innovation
Paul Mooney Associates	Pricewaterhouse Coopers	Forfas
BEC Consultants	Conservation Services	Tobin Environmental Services
Maclean Environmental Ltd	Propylon	Graphite HRM Ltd
Byrne O'Cleirigh Ltd	Compass Informatics Ltd	Trinity College Dublin
Murray Consultants Ltd	Rsk Ensr Environment Ltd	Sage Ireland
Cantab Consulting (Kent) Ltd	Barry Doyle & Company	URS Ireland Ltd
Motherway Begley Ltd.	RPS MCOS	Ceridian ITS
LHM Casey Mcgrath	Dataworks Ltd	Whitehopeleman
Marsh Ireland Limited	Renaissance Contingency Services Ltd	Indecon (Ireland)
	Euro Environmental Services	

The list includes those consultants paid in excess of €1000 in 2005.

PROMPT PAYMENT OF ACCOUNTS ACT, 1997

The Prompt Payment of Accounts Act came into operation on 2 January 1998. The Environmental Protection Agency (EPA) comes under the remit of the Act. The following is a report on the payment practices of the EPA for the year ended 31 December 2005.

It is the policy of the EPA to ensure that all invoices are paid promptly. Specific systems and procedures have been put in place to enable all invoices to be tracked and to ensure that payments are made before their due date. Purchase invoices are logged on a daily basis in Accounts Section, and are followed up systematically to ensure that they are certified and returned for payment without delay. Cheques are issued as required to ensure prompt payment.

These controls are designed to provide reasonable, but not absolute, assurance against material non-compliance with the Act.

There were 56 late payments with values in excess of €317 during 2005 and these exceeded the due payment date by an average of 23 days. The value of these late payments was €58,341. Overall, late payments represented 0.33% of the total value of payments covered by the Act, with total associated penalty interest of €217.

Mary Kelly

Director General

June 2006

APPENDIX 1

EPA PUBLICATIONS 2005

The majority of EPA publications are available to download from the EPA website at www.epa.ie/NewsCentre/ReportsPublications/.

Air

Air Quality and Emissions to Air Report 2003 €20

Dioxin Levels in the Irish Environment - Third Assessment (Summer 2004) Based on Levels in Cows' Milk 2005 €10

Corporate

EPA - Annual Highlights 2004

EPA Annual Report and Accounts 2004

Ireland's Environment - Who Does What?

The Environmental Protection Agency - Who We Are, What We Do

epaNews February 2005

epaNews July 2005

epaNews November 2005

Waste

National Waste Database Interim Report 2003 (web only)

National Waste Prevention Programme - Annual Report

The Nature and Extent of Unauthorised Waste Activity in Ireland €20

Water

Water Quality in Ireland 2001-2003 (& CD Rom) €30 and 3 associated maps €10 each

The Quality of Drinking Water in Ireland. A Report for 2004 (& CD Rom) €25

Bathing Water Report 2004 (web only)

Conference and Special Reports

Bridging the Gap, Information for Action. Conference Report

Greenhouse Gas Emissions Trading: National Allocation Methodology 2005-2007 €5

Enforcement Network News July 2005

Guidance Notes

IPPC Guidance Note: Storage and Transfer of Materials for Scheduled Activities €10

Best Practice Guidelines on Vehicle Coating & Refinishing (& CD Rom) €7

Best Practice Guidelines on Dry Cleaning (& CD Rom) €7

Waste Management and IPPC Licensing: Aspects of Licensing Procedures - Objections and Oral Hearings €2

Environmental Research Reports

Fertiliser Taxes: Implementation Issues. Final Report €5

Water Framework Directive: Water Status - Identification and Ranking Water Quality: Nature Conservation Designated Areas. Final Report €5

Water Framework Directive: A Desk Study to determine a Methodology for the Monitoring of the 'Morphological Condition' of Irish Rivers. Synthesis Report

An Investigation into the Performance of Subsoils and Stratified Sand Filters for the Treatment of Wastewater from On-site Systems. Synthesis Report

Production of Organo-Mineral Fertilisers from Mixtures of Composted Pig Slurry Solids and other Biodegradable Wastes - Final Report €7

Water Framework Directive: The Application of Mathematical Models as Decision-Support Tools. Synthesis Report

Water Framework Directive: Development of a Methodology for the Characterisation of Unpolluted Groundwater. Synthesis Report

Water Framework Directive: Characterisation of Reference Conditions and Testing of Typology of Rivers. Final Report €10

Nutrient Levels and the Zebra: Mussel Population in Lough Key. Synthesis Report

Climate Change: Regional Predictions for Ireland. Final Report €7

Eutrophication from Agricultural Sources - Phosphorous Chemistry of Mineral and Peat Soils in Ireland. Final Report €10

All publications can also be purchased either on-line or from EPA Publications' Sales at +353 1 2680100

3

Financial Statements

Report of the Comptroller and Auditor General

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Statement of Responsibilities of the Agency

•

Statement on the System of Internal Financial Controls

•

Accounting Policies

•

Income and Expenditure Account

•

Statement of Total Recognised Gains and Losses

•

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 of the Environmental Protection Agency for the year ended 31 December 2005 under the Environmental Protection Agency Act, 1992.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Accounting Policies, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes.

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

The Agency is responsible for preparing the financial statements in accordance with the Environmental Protection Agency Act, 1992, and for ensuring the regularity of transactions. The Agency prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Agency are set out in the Statement of Responsibilities of the Agency.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper

books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Agency's compliance with the Code of Practice for the Governance of State Bodies 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. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

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 International Standards on Auditing (UK and Ireland) 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 and regularity of the financial transactions included 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 in order 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, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Agency's affairs at 31 December 2005 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Environmental Protection Agency. The financial statements are in agreement with the books of account.



Comptroller and Auditor General

14 July 2006

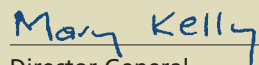
Statement of Responsibilities of the Agency

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.

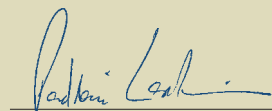
In preparing those financial statements, the EPA is required to:

- ◆ 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

11 July 2006

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 for the Governance of State Bodies.

(ii) With a view to identifying the main business risks facing the organisation a formal risk assessment was undertaken by the Agency during 2005. A corporate risk register was 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, was approved by the EPA Board. Each Director provides quarterly assurance statements to the Director General acknowledging responsibility for the ongoing update, monitoring and review of the risk register in their office and for ensuring the implementation of the Risk Management Policy.

(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 formal business risk assessment process and in the preparation of the EPA Internal Audit Plans. These will be further assessed and evaluated through the phased implementation of the current 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 Agency's Internal Audit Committee is comprised of an external Chairperson and other external expertise in lieu of non-executive Director input, together with senior representation from the Agency. The EPA Internal Audit Plan 2004 - 2006 has been progressively implemented, with internal audits conducted during 2005 in the areas of Payroll, Human Resources, Training and Development / PMDS and Conflict of Interest and Disclosure / Declaration of Interests. Implementation plans to address the audit recommendations were approved

by the Internal Audit Committee and the Board of the Agency. Progress on the implementation of the actions in each of the Implementation Plans is regularly reviewed and reported to the Internal Audit Committee and to the Board on a quarterly basis.

The Internal Audit Plan 2004-2006 was reviewed in 2005 to reflect risks identified in the Risk Register as well as developments and issues in relation to Corporate Governance that have arisen in the Public Sector in general over the past three years. This revised Internal Audit Plan, which covers the period 2006 and 2007, was approved by the Internal Audit Committee in November 2005 and by the EPA Board in December 2005. The Audit Plan is being implemented as scheduled, on a phased basis, using external expertise.

The Internal Audit Committee met on four occasions in 2005.

4. Annual Review of Controls

I can confirm that, in addition to the internal audits carried out and referred to in paragraph 3 (v) above, the EPA undertook a formal review of the internal financial control systems for 2005. This review was carried out using external expertise and was based on a detailed examination of financial management and control documentation. The overall conclusion of the review was that the system of internal financial controls is working effectively.

Signed on behalf of the Board



Director General

11 July 2006

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 recognized 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. Funding of Emissions Trading Unit

The Emissions Trading Unit (ETU) was established within the Agency in 2003. During 2003 and 2004 the costs of the ETU were met by an allocation from the Vote of the Department of the Environment, Heritage and Local Government. In 2005 the costs of the ETU are being financed from a combination of a balance of the 2004 allocation from the Vote, which was carried forward from 2004, and in part by recognising the unfunded balance of the ETU costs as a receivable at the year end.

This amount is to be recovered from the proceeds of the auction of allowances by the Agency which is taking place in 2006 to defray the costs of administering the emissions trading scheme. This auction of a quantity of the of the total allowances (not greater than 1%) is provided for in the Government direction to the Agency in connection with the EU emissions trading scheme.

5. 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%

6. 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.

7. Stocks

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

8. Debtors

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

9. Superannuation

The Environmental Protection Agency operates defined benefit pension schemes, which are funded annually on a pay as you go basis from monies available to it including monies provided by the Department of the Environment, Heritage and Local Government and from pension contributions deducted from staff salaries.

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff

pension contributions which are retained by the Agency. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Department of the Environment, Heritage and Local Government.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of the Environment, Heritage and Local Government.

The effect of the change in accounting policy arising from the introduction of FRS 17 is to recognise as expenditure in the year the cost of pensions earned rather than the payments made to pensioners, and to also recognise a corresponding funding amount. In addition, the Balance Sheet recognises the cumulative liability for pensions earned by employees as at 31 December 2005 together with a corresponding asset, whereas previously this liability was disclosed by note only.

Income and Expenditure Account For the Year Ended 31 December 2005

		2005	2004
Income	Note	€	€
Oireachtas Grants	1	25,051,463	24,064,856
Emissions Trading Costs Recoverable	2	421,671	0
Laboratory Intercalibration and Other Services		257,814	274,324
Income from Regional Laboratories		1,837,877	1,732,087
Licencing Activities	3	925,794	1,181,702
Enforcement Activities	4	6,928,920	6,271,104
Sundry Receipts	5	207,424	196,016
Net deferred funding for pensions	18(b)	4,123,525	3,622,166
		39,754,488	37,342,255
Expenditure			
Salaries and PRSI	6	13,598,682	12,701,089
Pension Costs	18(c)	5,179,770	4,551,375
Travelling Expenses	7	1,250,541	1,111,526
Laboratory and Field Costs	8	898,197	943,788
Accommodation Costs	9	912,049	957,665
Other Administration Costs	10	4,961,101	4,289,602
Consultants and Grants		3,165,264	2,212,116
Environmental Research		7,014,901	7,317,157
Depreciation	15	1,595,389	1,722,853
		38,575,894	35,807,171
Transfer to Capital Account	11	1,309,549	1,455,917
		39,885,443	37,263,088
Operating (Deficit) / Surplus		(130,955)	79,167
Surplus on Trade - in & Sale of Equipment		4,992	18,639
(Deficit) / Surplus before Interest		(125,963)	97,806
Interest Received	12	1,007	637
Interest Payable and Similar Charges	13	(106,736)	(130,667)
(Deficit) / Surplus for Year		(231,692)	(32,224)
(Deficit) / Surplus at 1 January		(18,201)	14,023
(Deficit) / Surplus at 31 December		(249,893)	(18,201)

The results for the year relate to continuing operations. The statement of accounting policies and cash flow statement, together with notes 1 to 21 form part of these Financial Statements.

Mary Kelly

Director General
11 July 2006

Padraig Leahy

Director

Statement of Total Recognised Gains and Losses

	Note	2005 €	2004 €
Deficit for the Year		(231,692)	(32,224)
Experience losses on pension scheme liabilities		(4,076,000)	(3,438,000)
Changes in assumptions underlying the present value of pension scheme liabilities		(7,600,475)	(4,819,834)
Actuarial Loss on Pension Liabilities	18(f)	(11,676,475)	(8,257,834)
Adjustment to Deferred Pension Funding		11,676,475	8,257,834
Total Recognised Gains and Losses for the Year		(231,692)	(32,224)

The results for the year relate to continuing operations.

The statement of accounting policies and cash flow statement, together with notes 1 to 21 form part of these Financial Statements.

Mary Kelly

Director General

11 July 2006

Robert Leahy

Director

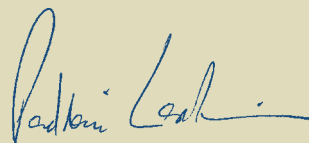
Balance Sheet As at 31 December 2005

		2005	2004
	Note	€	€
Fixed Assets	15	18,399,887	18,617,827
Current Assets			
Debtors and Prepayments	16	6,566,070	4,628,149
Cash on Hand and at Bank		1,459,128	4,600,979
		8,025,198	9,229,128
Less Current Liabilities			
Creditors (Amounts falling due within one year)	17(a)	4,353,470	6,623,658
Net Current Assets		3,671,728	2,605,470
Creditors (Amounts falling due after more than one year)	17(b)	(2,993,892)	(3,223,431)
Total Assets less Current Liabilities before Pensions		19,077,723	17,999,866
Deferred Pension Funding	18(d)	80,800,000	65,000,000
Pension Liabilities	18(e)	(80,800,000)	(65,000,000)
		0	0
Total Assets less Current Liabilities		19,077,723	17,999,866
Represented by:			
Capital Account	11	19,327,616	18,018,067
Income and Expenditure Account		(249,893)	(18,201)
		19,077,723	17,999,866

The statement of accounting policies and cash flow statement, together with notes 1 to 21 form part of these Financial Statements.



Director General



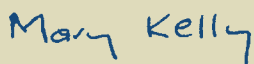
Director

11 July 2006

Cash Flow Statement For the Year Ended 31 December 2005

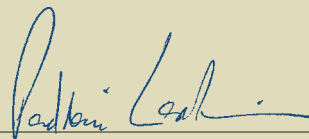
	Note	2005 €	2004 €
Reconciliation of (Deficit) to Net Cash Inflow from Operating Activities			
(Deficit) for year		(231,692)	(32,224)
Interest Received	12	(1,007)	(637)
(Surplus) on Disposal of Equipment		(4,992)	(18,639)
Transfer to Capital Account	11	1,309,549	1,455,917
Depreciation charge for year	15	1,595,389	1,722,853
(Increase) in Debtors		(1,937,921)	(1,421,416)
(Decrease) / Increase in Creditors (other than Loan Creditors)		(2,272,238)	2,358,256
Net Cash (Outflow) / Inflow from Operating Activities		(1,542,912)	4,064,110
Returns on investments and servicing of finance			
Interest received		1,007	637
Investing activities			
Payments to acquire fixed assets		(1,372,457)	(1,196,602)
Net Cash (Outflow) / Inflow Before Financing		(2,914,362)	2,868,145
Financing			
Loans Repaid		(227,489)	(213,529)
(Decrease) / Increase in Cash		(3,141,851)	2,654,616
Reconciliation of net cash flow to movement in cash balances			
(Decrease) / Increase in cash in year		(3,141,851)	2,654,616
Funds at 1 January		4,600,979	1,946,363
Funds at 31 December		1,459,128	4,600,979

The statement of accounting policies together with notes 1 to 21 form part of these financial statements.



Director General

11 July 2006



Director

Notes to the Financial Statements

	2005	2004
	€	€
1 Oireachtas Grants		
Department of the Environment, Heritage and Local Government Vote:		
Grants from the Vote: Current	12,529,674	11,607,464
Capital	2,519,000	2,440,000
Grant - Emissions Trading Activities	400,972	1,064,028
Research Funding	7,000,000	7,250,000
Other Programmes	2,601,817	1,703,364
	25,051,463	24,064,856

The Research Funding is a specific allocation to meet the cost of Environmental Research. €7,014,901 was expended on these research activities in 2005 (2004 €7,317,157).

	€	€
2 Emissions Trading Unit Activities		
Cost of Emissions Trading Unit	822,643	1,064,028
Exchequer Grants received to Fund ETU	400,972	1,064,028
Emissions Trading Operator Registration Fees	16,800	0
Costs to be recovered from Auction of Allowances	404,871	0
Total Funding of ETU Costs	822,643	1,064,028

The Emissions Trading Unit (ETU) was established within the Agency in 2003. During 2003 and 2004 the costs of the ETU were met by an allocation from the Vote of the Department of the Environment, Heritage and Local Government. In 2005 the costs of the ETU are being financed from a combination of a balance of the 2004 grant (shown at Note 1 above) which was carried forward from 2004, and in part by recognising the unfunded balance of the costs of the ETU as a receivable at the year end 2005, to be recouped from the auction of allowances in 2006.

	€	€
3 Licensing Activities - IPPC and Waste		
Licence Fees prepaid at 1 January	892,448	819,584
Fees Received	772,222	1,254,566
Less Refunds Paid	(2,800)	0
Licence Fees prepaid at 31 December	(736,076)	(892,448)
Amount credited to Income and Expenditure Account	925,794	1,181,702

Under Section 83 of the Environmental Protection Agency Act, 1992 the EPA is responsible for the licensing of large/ complex industrial and other processes with significant polluting potential. 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 licensing income arises from fees charged in respect of processing such licence applications.

	2005	2004
	€	€
4 Enforcement Activities - IPPC and Waste		
Enforcement Charges Invoiced	6,928,920	6,271,104

During 2005 a review of the charges invoiced in 2004 and earlier years was carried out and an amount of €584,404 was deemed to be irrecoverable and was written off.

Under Section 96 of the Environmental Protection Agency Act, 1992 the EPA is responsible for the regulation of large/ complex industrial and other processes with significant polluting potential. Under Section 15 of the Waste Management Act, 1996 the EPA is responsible for the regulation of all significant waste recovery and disposal activities operated by local authorities and private enterprise. The EPA's enforcement income arises from fees charged in respect of this monitoring work.

	€	€
5 Sundry Receipts		
Insurance claims	800	319
Sales of publications	37,369	50,190
Sundry	169,255	145,507
	207,424	196,016

	€	€
6 Salaries and PRSI of Staff		
(a) Salaries	12,671,311	11,872,590
Employers' PRSI	927,371	828,499
	13,598,682	12,701,089

(b) The numbers of employees on 31 December were :

Headquarters	Wexford	119	114
Regional Inspectorates:	Castlebar	21	20
	Cork	30	24
	Dublin	62	58
	Kilkenny	15	15
	Monaghan	11	9
Regional Offices:	Regional Offices	8	8
		266	248

	€	€
7 Travelling Expenses		
Travel and Subsistence	1,160,014	1,061,668
Motor Vehicle Expenses	105,435	95,114
Travel Refunds	(14,908)	(45,256)
	1,250,541	1,111,526

	2005	2004
8 Laboratory and Field Costs	€	€
Laboratory and Field Expenses	576,718	652,663
Equipment Repairs and Maintenance	308,533	279,649
Protective Clothing	12,946	11,476
	898,197	943,788
9 Accommodation Costs	€	€
Rent and Rates	298,325	391,546
Power, Light and Heat, Cleaning	443,483	413,580
Repairs, Maintenance, Security	170,241	152,539
	912,049	957,665
10 Other Administration Costs	€	€
Telephone and Postage	258,417	262,484
Printing of Publications and Stationery Supplies	481,099	460,050
Insurance	86,513	96,028
Computer and Data Processing Charges	1,315,080	1,380,901
Audit Fee	14,400	9,500
Corporate Governance and Internal Audit Costs	133,498	806
Legal Fees	175,474	478,709
Staff Appointment Costs	95,185	31,726
Bank Interest and Charges	4,995	4,770
Books, Periodicals, and Library	86,810	83,008
Staff Development and Training Costs	485,482	540,297
Advertising	234,094	151,148
Public Relations, Launches and Promotional Activities	938,973	534,478
Write off of irrecoverable Enforcement Charges	584,404	0
PHARE Project Provision	0	194,646
Sundries	66,677	61,051
	4,961,101	4,289,602

11 Capital Account

	€	€
At 1 January 2005		18,018,067
Transfer from Income and Expenditure Account :		
Income Allocated for Capital purposes		
Fixed Asset Additions	1,387,757	
To Fund Future Additions (See note 16)	1,300,000	
Repayment of Loans	227,489	
	2,915,246	
Less		
Disposals of Fixed Assets at Cost	37,447	
Less prior depreciation on disposals	(27,139)	
	10,308	
Depreciation charge for year	1,595,389	
Net Transfer from Income and Expenditure Account		1,309,549
At 31 December 2005		19,327,616

	2005	2004
12 Interest Received	€	€
Bank deposit interest	1,007	637
	1,007	637
13 Interest Payable and Similar Charges	€	€
Bank Loans repayable by Instalments	106,736	130,667
	106,736	130,667

14 Taxation

The EPA 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.

15 Fixed Assets

	Total	Buildings	Furniture & Fittings	IT & Computer Equipment	Lab & Field Equipment	Motor Vehicles
	€	€	€	€	€	€
Cost						
At 1 January 2005	32,236,772	17,311,304	2,157,845	3,398,143	8,524,878	844,602
Purchases	1,387,757	472,359	98,884	431,248	318,315	66,951
Disposals	(37,447)	-	-	-	-	(37,447)
At 31 December 2005	33,587,082	17,783,663	2,256,729	3,829,391	8,843,193	874,106
Depreciation						
At 1 January 2005	13,618,945	2,107,542	1,169,477	2,941,209	6,961,512	439,205
Charge for year	1,595,389	358,312	184,619	309,625	588,057	154,776
On Disposals	(27,139)	-	-	-	-	(27,139)
At 31 December 2005	15,187,195	2,465,854	1,354,096	3,250,834	7,549,569	566,842
Net Book Value						
At 31 December 2005	18,399,887	15,317,809	902,633	578,557	1,293,624	307,264
At 31 December 2004	18,617,827	15,203,762	988,368	456,934	1,563,366	405,397

New headquarters for the Environmental Protection Agency 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 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.

	2005	2004
	€	€
16 Debtors and Prepayments		
Debtors	1,652,591	1,619,292
Prepayments	1,605,584	1,000,962
Advances to OPW	3,307,895	2,007,895
	6,566,070	4,628,149

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.

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. Installation work on the Broadband spur to Johnstown Castle was completed in 2005, but the fibre optic cabling system did not become operational until March 2006.

Advances to OPW

In 2001, a sum of €507,895 was advanced to the Office of Public Works in respect of the purchase of a site for a new regional inspectorate in Kilkenny. The site purchase negotiations were finalised in 2004 and permission was obtained to proceed to tender stage on this project. A sum of €1,500,000 was advanced to the OPW in 2004, and a further €1,300,000 was advanced in 2005 to the OPW to enable them to fund the ongoing construction costs. The building will be available for occupation in 2006.

All debtors fall due within one year.

	€	€
17 Creditors and Accruals		
(a) Amounts falling due within one year:		
Licence Fees	736,076	892,448
Trade and Other Expenses	3,281,119	5,396,985
Instalments due on purchase of Fixed Assets	336,275	334,225
	4,353,470	6,623,658
(b) Amounts falling due after more than one year:		
Instalments due on purchase of Fixed Assets	2,993,892	3,223,431

18 Pension Costs

(a) Pension Scheme

The EPA operates defined benefit superannuation schemes for staff which are unfunded. Superannuation entitlements arising under the schemes are paid out of current income and are charged to the Income and Expenditure Account, net of employee superannuation contributions, in the year in which they become payable. Accounting standard, Financial Reporting Standard No. 17 - Retirement Benefits (FRS 17), was issued by the Accounting Standards Board in November 2000. Compliance with the new standard became mandatory for the financial year 2005. The results set out below are based on an actuarial valuation of the liabilities in respect of EPA staff and former An Foras Forbartha staff as at 31 December 2005.

The financial assumptions used to calculate scheme liabilities under FRS17 are:

Assumption	2005	2004
Discount rate	4.25%	4.75%
Rate of increase in salaries	3.50%	3.50%
Rate of increase in pensions in payment	3.25%	3.25%
Inflation rate	2.00%	2.00%

On the basis of these assumptions, and using the projected unit method prescribed in FRS 17, the value of the accrued pension liabilities at 31 December 2005 was estimated at €80.8m (compared with €65m as at 31 December 2004).

(b) Net Deferred Funding for Pensions in year.

	€	€
Funding Recoverable in respect of current year pension costs	5,700,000	5,030,000
State Grants applied to pay pensioners	(1,576,475)	(1,407,834)
	4,123,525	3,622,166

(c) Analysis of total pension costs charged to Expenditure

	€	€
Current Service Cost	2,500,000	2,130,000
Interest on Pension Scheme Liabilities	3,200,000	2,900,000
Employee Contributions Received	(520,230)	(478,625)
	5,179,770	4,551,375

18 Pension Costs (continued)

(d) Deferred Funding Asset for Pensions

The EPA recognises these amounts as an asset corresponding to the unfunded deferred liability for pensions on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the superannuation schemes, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. Whilst there is no formal agreement regarding these specific amounts with the Department of the Environment, Heritage and Local Government, the EPA has no evidence that this funding policy will not continue to meet such sums in accordance with current practice. The deferred funding asset for pensions at 31 December 2005 amounted to €80.8 million (2004: €65 million).

	2005	2004
	€	€
(e) Movement in Net Pension Liability during the financial year		
Net Pension Liability at 1 January	65,000,000	53,120,000
Current Service Cost	2,500,000	2,130,000
Interest Costs	3,200,000	2,900,000
Actuarial loss / (gain)	11,676,475	8,257,834
Pensions paid in the year	(1,576,475)	(1,407,834)
Net Pension Liability at 31 December	80,800,000	65,000,000

	2005	2004
(f) History of Experience Gains and Losses		
Experience Gains / (Losses) on Scheme Liabilities		
Amount (€ '000)	(4,076)	(3,438)
Percentage of the present value of scheme liabilities	5.0%	5.3%
Total Amount recognised in the Statement of total recognised gains and losses		
Actuarial Loss - Amount (€ '000)	(11,676)	(8,258)
Percentage of the present value of scheme liabilities	14.5%	12.7%

19 Comparative Figures

Some changes have been made to the presentation of items in the financial statements and the comparative figures have been restated where necessary on a basis consistent with the current year presentation.

20 Board Members' Interests

The EPA 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.

21 Approval of Financial Statements

The Financial Statements were approved by the Board of Directors on 11 July 2006

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