ENVIRONMENTAL RISK MANAGEMENT AUTHORITY

Annual Report

FOR THE YEAR ENDED 30 JUNE 2011

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Foreword

We are pleased to present the 2010-11 annual report of the Environmental Risk Management Authority (ERMA New Zealand). ERMA New Zealand was disestablished on 30 June 2011 and its functions were incorporated into the new Environmental Protection Authority (EPA). This is therefore ERMA New Zealand's last annual report.

The Authority decided that the focus for this last year of ERMA New Zealand should be on preparing the best possible legacy for the EPA, including improving efficiency and reducing costs. This was achieved and the transition to the EPA went smoothly.

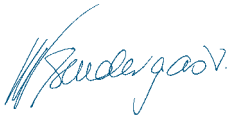
During the year work continued on the Chief Executive-initiated Reassessment Programme for certain hazardous substances. In November 2010, after a long process which included public hearings in five different locations, the Authority notified its decision on methyl bromide. It recognised that for the time being there was no practical alternative, but strengthened the controls, and required processes to be in place to recapture methyl bromide within 10 years.

We started single substance reassessments of four organophosphate pesticides which are widely used in New Zealand agricultural and horticultural sectors. From the submissions we received, we decided to widen the reassessment to look at a group of substances with a similar mode of action. Although this will take longer, it means better decisions can be made that balance the needs of industry to have pest management tools, with the safety of people and the environment.

The Authority remained concerned about the level of inspection and enforcement in relation to hazardous substances in workplaces and again wrote to the Department of Labour (DoL) and other agencies in accordance with section 99(1) of the Hazardous Substances and New Organisms Act 1996 (HSNO Act) to express this concern. DoL made good progress in improving its services during the year, but the performance of territorial authorities remained fragmented.

Three decisions concerning new organisms permitted the use of new biological control agents and were notified during the year. The Authority also approved, with controls, an application to field test genetically modified pine trees.

We are grateful to members of the Authority, to Ngā Kaihautū Tikanga Taiao (ERMA New Zealand's Māori Advisory Committee), to the Ethics Advisory Panel, and the staff of the Agency, for the valuable work they have contributed. We are also grateful to the many stakeholders – the Māori network, industry groups, environmental groups, central and local government, and in particular applicants and submitters, for the goodwill and cooperation ERMA New Zealand received from them during the year and throughout ERMA New Zealand's existence.



Kerry Prendergast
Chair EPA

Richard Woods
Deputy Chair EPA
Former Chair ERMA New Zealand

Rob Forlong
Chief Executive EPA

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Significant events

HSNO FACILITIES SURVIVING THE CHRISTCHURCH EARTHQUAKES

Despite two major Christchurch earthquakes, relatively little harm was caused from events involving hazardous substances or new organisms. It is encouraging how well containment facilities for hazardous substances and new organisms performed under very trying circumstances.

There was some minor damage to containment facilities, including cracks to walls, loose ceiling panels, and items falling from shelves and bench tops. The only new organisms to escape their enclosure were two ring-tailed lemurs from Orana Wildlife Park. In their attempt to flee the earthquake one drowned in a surrounding moat and the other was later recaptured.

No significant damage occurred to underground fuel tanks and there were no serious effects on liquefied petroleum gas (LPG) systems as a result of the September earthquake. In the February earthquake, the eastern suburbs and central city business district were hardest hit, with more service stations affected, many of which have remained closed. An unforeseen consequence was the difficulty for emergency services to access fuel. At least two LPG facilities were also damaged, and there were issues with LPG cylinders at houses where walls collapsed tearing hoses and damaging gas manifolds. There appear to have been few issues at small businesses using hazardous substances. Some ongoing issues remain, including underground diesel tanks requiring removal from buildings that have been demolished in the red zone.

IMPROVING EFFICIENCY AND REDUCING COSTS

Following the amendment to section 53(2) of the HSNO Act, hazardous substances applications were not to be publicly notified unless the Authority, if it considered there was likely to be significant public interest, decided to do so. This has reduced timeframes for applicants.

Times for processing applications for the release of hazardous substances containing known ingredients that are intended for use in a recognised manner were reduced by over 50 percent. This was achieved by utilising existing information on the ingredients present in the substance and the risks involved in how it is used.

The process for applying for a controlled substances licence was also streamlined, including allowing applicants to provide proof of work – either through a test certifier or by providing a statutory declaration – and by clarifying the guidelines for assessing fit and proper person status. The application forms were revised to reflect these changes, which allow faster processing of applications and fewer requests for additional information from applicants.

The Group Standard packaging provisions were amended in August 2010 by permanently enabling certain substances to be packaged in accordance with Australian, European Union and United States requirements. This alternative packaging provision was previously allowed, but only under a four-year transitional provision that was shortly to expire.

The LPG reassessment introduced a new compliance scheme for people holding between 100 and 300 kg of LPG. Previously a site holding more that 100 kg of LPG was required to hold a location test certificate. The reassessment allows an alternative means of compliance through an approved code of practice. The code was published in June 2011. This and other changes introduced following the reassessment should result in major financial savings for industry and LPG consumers.

INTERNAL HIGHLIGHTS

ENVIRONMENTAL PROTECTION AUTHORITY (EPA)

The Authority determined that ERMA New Zealand should leave the best possible legacy for the new EPA. Staff participated actively in the review stream of work leading up to the new EPA coming into being on 1 July 2011 and the Chair was a member of the EPA Establishment Board.

NEW ERMA NEW ZEALAND WEBSITE

On 14 February 2011, ERMA New Zealand launched its new website. The results of our customer satisfaction survey, conducted in June 2010, identified a need to improve the website to enable customers to find the information they wanted more easily. The new website has enhanced search features. Information such as news, new decisions and new consultations were made accessible directly from the home page.

These enhanced features, together with other improvements, improved access to information about hazardous substances and new organisms. The new website was designed to facilitate a smooth transfer to the new EPA.

INTERESTING APPLICATIONS

GIANT PANDAS APPROVED TO BE IMPORTED INTO ZOOS

Wellington Zoo's application, on behalf of all New Zealand zoos, to import giant pandas for display was approved with controls. ERMA New Zealand staff also provided input into a multi-agency report about what 'needs to happen' to acquire a pair of giant pandas for a New Zealand zoo. The report covered regulatory requirements, potential costs and a possible scenario for negotiations with China.

DUNG BEETLES FOR RELEASE

The Dung Beetle Strategy Release Group (DBSRG) made an application to import and release 11 species of dung beetles for the biological management of the dung of agricultural livestock. The DBSRG comprises more than 90 members, including farmers and interest groups, and is supported by the Ministry of Agriculture and Forestry (MAF) Sustainable Farming Fund. Following a public hearing the Committee approved the application.

BIOLOGICAL CONTROL AGENT APPROVALS

A decision to approve the application from Marlborough District Council to release a rust fungus, *Uromyces pencanus*, to control the weed Chilean needle grass was notified on 23 June 2011.

A decision to approve the application from Auckland Council to release two species of beetles, *Lema basicostata* and *Neolema abbreviata*, for the biological control of Tradescantia was notified on 29 June 2011. These beetles will supplement a beetle previously approved for release by the Authority in 2008.

REASSESSMENTS INITIATED BY THE CHIEF EXECUTIVE

LPG

The decision on the reassessment of LPG was notified in September 2010 with new controls taking effect on 2 March 2011. The main changes focus on: giving people better warning of leaks, be that through an odorant or other form of leak detection; improving signage to warn people of the presence of LPG; and minimising the risk of leaks, by ensuring that refrigeration facility designs meet a joint Australian and New Zealand standard.

These changes address issues identified in the New Zealand Fire Service (NZFS) report on its inquiry into the Tamahere incident. The reassessment also places an obligation on suppliers to ensure a site is compliant, either through holding a location test certificate or through compliance with an approved code of practice, before they supply LPG to the site. This new control comes into effect on 2 March 2012.

METHYL BROMIDE

The Authority's decision on methyl bromide was notified in November 2010. It recognised that for the time being there was no practical alternative to the continued use of methyl bromide but that improvements to risk management were needed. The controls were strengthened by requiring improved notification of fumigations, buffer zones, and monitoring and reporting. The decision also requires processes to be in place to recapture methyl bromide within 10 years.

A guide for fumigators was published and the Pest Management Association of New Zealand Code of Practice updated. Work continues with enforcement agencies and fumigators to ensure compliance with the new controls.

TRICHLORFON

This organophosphate pesticide was reassessed in 2010. On 18 February 2011, the Authority decided to phase out the approvals for its use for plant protection but allowed its continued usage as a veterinary medicine, with stricter controls. The phase-out period for plant protection uses ran through to 1 June 2011. The new controls for use as a veterinary medicine also came into force on that date.

QUINTOZENE

On 26 May 2011, the Authority revoked the approval for the fungicide quintozene with immediate effect. Unused stock was required to be disposed of within three months. Quintozene was used commercially on seedlings, bulbs and recreational turf in New Zealand. The decision came after dioxin impurities were found in quintozene products in Australia at levels that may have presented health risks to workers. Only one product containing quintozene was registered in New Zealand.

ORGANOPHOSPHATES

Organophosphate insecticides are being reassessed as a group. Initially this started as a reassessment of dichlorvos, acephate, methamidophos and diazinon. However, based on feedback from submissions, the reassessment has been broadened to look at a larger group of substances with similar modes of action. The benefits of this new approach will be:

- avoiding unintended consequences such as taking regulatory action that may result in people using substances of higher risk; and
- giving the industry greater certainty about the remaining tools for managing pests.

Decisions are likely to be reached in late 2012.

APPLICATION TO TEST GENETICALLY MODIFIED (GM) PINE TREES

Scion made an application to field test pines which have been genetically modified to alter plant growth/biomass acquisition, reproductive development, herbicide tolerance, biomass utilisation, wood density and wood dimensional stability. ERMA New Zealand received 234 submissions on the application and a hearing was held on 9–10 November 2010.

After considering all the evidence, the Committee of the Authority approved, with controls, the application to field test genetically modified *Pinus radiata* in containment at the Scion campus in Rotorua.

HIGH COURT DISMISSES GE FREE NZ'S APPEAL ON GM COWS, GOATS AND SHEEP APPROVAL

GE Free NZ's appeal against ERMA New Zealand's approval of AgResearch's application to field test GM cows, goats and sheep was dismissed in the High Court on 16 December 2010, with costs awarded to ERMA New Zealand and AgResearch.

This judgment significantly narrows the scope of successful future appeals to the High Court.

With one exception (in 2001) the Courts have dismissed all appeals against ERMA New Zealand decisions.

1080 ANNUAL REPORT

The third annual report on the aerial use of 1080 was released on 18 November 2010. It includes details of aerial pest control operations undertaken in 2009 and reports on incidents. It also describes research undertaken on 1080 including work looking into alternatives to the use of 1080.

The report found that progress had been made in a number of areas surrounding the aerial application of 1080, and that the controls were largely being followed by industry.

During the year, ERMA New Zealand appeared before the Local Government and Environment Select Committee, which heard evidence on two petitions relating to the use of 1080.

In June 2011, the Parliamentary Commissioner for the Environment issued the report *Evaluating the use of 1080: Predators, poisons and silent forests*. Among the report's recommendations were that:

- Parliament did not support a moratorium on 1080; and
- the Minister for the Environment investigated ways to simplify and standardise how 1080 and other poisons for pest mammal control were managed under the Resource Management Act and other relevant legislation.

DEEMING SPECIES TO BE "NOT NEW" ORGANISMS

There are a number of pest species established in New Zealand that are "new organisms" in law. These species are either recently self-introduced or inadvertent arrivals. However as they have no HSNO Act approval and were not in New Zealand at 29 July 1998, anyone wishing to undertake research to manage the species is in breach of the HSNO Act. In such a situation it is possible to have the organism made "not new" by regulation. Plant and Food Research has asked that six established pests, including the varroa bee mite, be made "not new" organisms so they can conduct research that will allow the affected sectors to manage these pests. Consultation took place and there was no opposition to the proposal.

A report was prepared for the Minister with an analysis of the comments and submissions received and a recommendation that these species be made "not new" by regulation.

GROUP STANDARDS

The decision on the Ministry of Health and Dental Council's proposal to amend the *Dental Products Group Standards* with regards to tooth-whitening products was notified on 29 June 2011. The Authority's decision divided these products into three categories and placed sale and use restrictions on the two categories of highest risk, including requiring supervision by a dentist for most uses of those products. It also included new requirements for labelling tooth-whitening products. The new rules will take effect from 29 June 2013.

Public submissions on the proposal to issue a group standard for tattoo and permanent make-up substances closed on 20 July 2011.

NOTIFICATION OF EXPIRING LOCATION TEST CERTIFICATES

During the year we piloted and successfully implemented an advisory scheme for holders of location test certificates. Sites holding explosive, flammable and oxidising substances above certain amounts are required to have a test certificate, which must be renewed annually. These are high-risk sites and a test certificate reflects that a site has been assessed by a test certifier and found to comply with specific safety requirements of the regulations.

When a test certificate is shortly to expire, the holder receives a letter reminding them of the need to renew their certificate and provide contact information for the test certifier. The test certifier is also advised. In the first six months of the scheme operating, more than 2,500 letters were sent to industry.

This initiative was made possible by investment in a new test certificate register, which came online in March 2010. Training on the use of the register was given to enforcement officers from the Department of Labour as well as to other enforcement agencies.

There are now more than 8,000 location test certificates on the certificate register, providing a central repository of information for high-risk sites for enforcement agencies and the New Zealand Fire Service. The advisory scheme is an important step taken to help New Zealand industry comply with the HSNO Act.

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Financial and service delivery performance

FINANCIAL COMMENTARY

The year-end result was a surplus of $236,000, compared with a break-even budget. This was consistent with the Authority's wish to hand over a healthy legacy to the EPA. The surplus was mainly due to lower expenditure ($267,000, or a 2.4 percent variance).

The Environmental Protection Authority Act was passed on 17 May 2011. As a result, the Environmental Risk Management Authority was disestablished on 30 June 2011. All the functions of ERMA New Zealand, and its assets and liabilities, were transferred to the EPA on 1 July 2011.

The capital expenditure for the year was $430,000 and included computer hardware for the network infrastructure and replacement of desktops, upgrading software and databases, furniture for the replacement workstations and other office equipment.

STATEMENT OF RESPONSIBILITY

In accordance with the Environmental Protection Authority Act 2011, the Board of the EPA is responsible for the preparation of ERMA New Zealand's financial statements and statement of service performance, and for the judgements made in them.

The Board has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of ERMA New Zealand for the year ended 30 June 2011.

Kerry Prendergast
Chair EPA
31 October 2011

Richard Woods
Deputy Chair EPA
Former Chair ERMA New Zealand
31 October 2011

MEETING OUR OUTCOMES

Outcome	Measure
There is an increase in the number of useful (beneficial) organisms and substances.	We approved biological control and management agents that will have significant benefits for the environment and agricultural sector (see Significant Events, page 6).
No new pests, weeds or disease are approved.	No weeds, pests or diseases were identified as being present in New Zealand as a result of ERMA New Zealand approvals.
Risks from hazardous substances and new organisms are prevented or managed.	A risk assessment is undertaken as part of the decision-making process for all applications. Controls are put in place to reduce or mitigate risks. The decision to change the approved uses of Trichlorfon and impose more stringent controls on its application is a clear example of our work to reduce risk.
Fewer deaths or chronic/ catastrophic environmental damage.	None of the incidents reported were of levels of severity that would result in death or chronic/catastrophic environmental damage. Reassessments that resulted in new controls on the use of LPG and other chemicals will reduce harms to people and the environment over time and thus potentially reduce the number of deaths from hazardous substances.
The number of significant incidents, arising through non compliance with controls, reduces.	While the number of new organisms incidences increased slightly, the majority were within containment facilities and were of a minor nature, thus not posing a great threat to people or the environment. The three incidents outside of containment were due to unapproved organisms and MAF is conducting investigations. There was a slight increase in hazardous substances incidents but 98% of these had minimal impact. A new register has been set up to capture incidents. We expected to see an increase in incidents due to previous under-reporting (see Appendix 3, page 79).
The impact on valued flora, fauna and Taonga is considered.	Guidance from the Māori unit and Ngā Kaihautū Tikanga Taiao has ensured that all applications are viewed from the point of view of iwi. This advice means that the potential impact of an application on valued flora, fauna and Taonga is always considered in our decision making.
The principles of the Treaty for Waitangi are taken into account.	As indicated above, our core processes honour the principles of the Treaty. We have a regular programme to introduce staff to the Treaty and provide guidance on how we conduct our business to respect our obligations.
International obligations and innovative approaches relevant to our responsibilities are monitored and wherever possible introduced into New Zealand.	By participating in meetings of the Rotterdam Convention, Stockholm Convention, Montreal protocol, Cartagena Protocol and OECD Chemicals Committee we have been able to keep abreast of international best practice in relation to hazardous substances and new organisms. We have provided the Authority with advice and input to ensure the HSNO regime remains up to date.
The policies and processes of the HSNO Act and regulations are continuously improved.	The Hazardous Substances team has reduced times for applicants through an amendment to the Act and by streamlining processes. The Minister's agreement to a proposal to designate various organisms as "not new" will expedite applications from research organisations for example, and have a positive effect on the economy. (See Significant Events, page 6.)

STATEMENT OF SERVICE PERFORMANCE FOR 2010-11

ERMA New Zealand had one output class which was divided into five outputs.

Output class – hazardous substances and new organisms assessment and management.

A non-departmental output class appropriation existed in Vote: Environment for 2010-11 for the costs associated with the activities of ERMA New Zealand.

OUTPUT CLASS APPROPRIATION	2010-11 $000	2009-10 $000	CHANGE $000
Total output class appropriation	**10,170**	**10,170**	**NIL**

The Minister used this appropriation to purchase a range of services from ERMA New Zealand, as represented in the following five outputs:

1. New organism decision-making and compliance
2. Hazardous substance decision-making
3. Hazardous substance compliance
4. Promoting awareness
5. Government policy, legislation and international activities.

COST OF OUTPUTS FOR THE YEAR ENDED 30 JUNE 2011

	ACTUAL 2010-11 $000	SOI BUDGET 2010-11 $000	ACTUAL 2009-10 $000
Revenue	**11,014**	**11,043**	**11,190**
Expenditure			
Output 1 – New organism decision-making and compliance	2,329	2,614	2,357
Output 2 – Hazardous substance decision-making	4,745	4,681	4,461
Output 3 – Hazardous substance compliance	1,605	1,858	1,739
Output 4 – Promoting awareness	1,040	752	875
Output 5 – Government policy, legislation and international activities	1,059	1,138	1,186
Total costs of outputs	**10,778**	**11,043**	**10,618**
Net surplus/(deficit)	**236**	**-**	**572**

OUTPUT 1

New organism decision-making and compliance

DESCRIPTION

The primary activity under this output related to assessing and considering applications and statutory determinations for new organisms, including genetically modified organisms (GMOs). This work was undertaken to assess the effects of new organisms on human health and the environment and to provide guidance to the Authority on the risks, costs and benefits of applications. The output comprised:

- processing applications as quickly and cost-effectively as possible, and providing non-statutory advice on whether organisms were in fact new to New Zealand;
- ensuring monitoring and oversight of Chief Executive and Institutional Biological Safety Committee (IBSC) delegated decision-making and providing guidance, support and advice to delegated decision-makers;
- developing and maintaining policies and procedures relating to new organism decision-making and compliance, including the incorporation of Māori perspectives and ethical considerations;
- oversight of the regime for monitoring and facilitating compliance, including conducting necessary inquiries into new organism incidents; and
- implementing specific programmes focused on guiding stakeholders through the application process, raising awareness and improving applicants' understanding of how to make an application.

Decision-making covered pre-application discussions with applicants, evaluating applications, managing public participation through submissions and hearings, considering applications, and releasing decisions and determinations.

PERFORMANCE MEASURES

Output 1: Assessment of and making decisions on new organism applications, and monitoring compliance against approvals

1.1
ASSESSMENT OF, AND MAKING DECISIONS ON NEW ORGANISM APPLICATIONS IN ACCORDANCE WITH THE METHODOLOGY AND THE HSNO ACT

Activities

- Develop and maintain systems to monitor and measure compliance with statutory timeframes.
- Audits of decisions are undertaken by suitably qualified personnel to monitor compliance.

Output measures	Annual update
All decisions are made within the statutory timeframes.	**Achieved.** All decisions made this year were within the statutory timeframes.
Audits of decisions show that they have minimised the risks of approved organisms becoming pests or weeds or giving rise to diseases, and are compliant with the Act and the Methodology.	**Not applicable this year.** These audits are conducted every second year, with the next to be completed in the 2011-12 financial year (by the EPA).

1.2
OVERSEEING THE MONITORING OF COMPLIANCE WITH APPROVALS GIVEN

Activities

- Ensure appropriate controls are applied so that no pests, weeds or diseases are introduced into New Zealand.
- Accompany MAF on a proportion of audits of containment facilities, in particular of GM field test and outdoor development facilities.
- Run workshop(s) (jointly with MAF) for approval holders, when appropriate.

Output measures	Annual update
No incidents resulting in adverse effects are caused by inadequate setting of controls (that is, no incidents occur when controls are complied with).	**Achieved.** This year there were 24 recorded incidents compared with 21 recorded in 2009-10, and none caused harm to people or the environment due to inadequate controls. Details of the incidents can be found in Appendix 3.

TABLE 1
NEW ORGANISM PART 5 APPLICATIONS RECEIVED, DECIDED AND WITHDRAWN IN 2010 - 2011[1]

APPLICATION TYPE	ACTUAL RECEIVED 2009-10	ACTUAL DECIDED 2009-10	FORECAST DECIDED 2010-11[2]	ACTUAL RECEIVED 2010-11	ACTUAL DECIDED 2010-11	ACTUAL WITHDRAWN 2010-11
Non-GMO release and containment	**5**	**6**	**11**	**8**	**9**	**0**
Notified (full release)	1	1	-	3	4	0
Notified (conditional release)	0	0	-	0	0	0
Notified (containment)	0	0	-	0	0	0
Non-notified (containment)	4	5	-	5	5	0
GMO development in containment	**2**	**2**	**2**	**2**	**2**	**2**
Notified	1	1	-	0	0	2
Non-notified	1	1	-	2	2	0
GMO import into containment	**0**	**0**	**1**	**0**	**0**	**1**
Notified	0	0	-	0	0	1
Non-notified	0	0	-	0	0	0
GMO field test and outdoor developments	**0**	**0**	**1**	**1**	**1**	**1**
GMO field test and outdoor developments	0	0	-	1	1	1
GMO releases	**0**	**0**	**0**	**0**	**0**	**0**
Notified (full release)	0	0	-	0	0	0
Notified (conditional release)	0	0	-	0	0	0
Rapid assessments	**25**	**25**	**16**	**18**	**19**	**0**
Non-GMO release	0	0	-	2	2	0
GMO development in containment	23	23	-	11	12	0
GMO import into containment	2	2	-	5	5	0
GMO releases	0	0	-	0	0	0
Reassessments	**0**	**0**	**1**	**0**	**0**	**0**
Externally generated	0	0	-	0	0	0
Chief Executive-initiated	0	0	-	0	0	0
Emergencies	**0**	**0**	**0**	**0**	**0**	**0**
Import or release of a new organism in emergency	0	0	-	0	0	0
Import or release of a new organism in special emergency	0	0	-	0	0	0

[1] Applications are not always decided in the year they are received.

[2] Dash indicates data not available at sub-type level.

APPLICATION TYPE	ACTUAL RECEIVED 2009-10	ACTUAL DECIDED 2009-10	FORECAST DECIDED 2010-11[3]	ACTUAL RECEIVED 2010-11	ACTUAL DECIDED 2010-11	ACTUAL WITHDRAWN 2010-11
Transhipment	**0**	**0**	**0**	**0**	**0**	**0**
Transhipment	0	0	-	0	0	0
Statutory determinations	**5**	**6**	**4**	**1**	**1**	**0**
Determination on an organism	5	6	-	1	0	0
Grounds for reassessment	0	0	-	0	1	0
Minor or technical amendments	**12**	**13**	**5**	**16**	**16**	**0**
Amendment to all application types other than those listed below	9	10	-	2	2	0
Amendment to a rapid assessment application	3	3	-	14	14	0
TOTAL	**49**	**52**	**41**	**46**	**48**	**4**
Non-statutory advice – present in New Zealand (number of decisions)[4]	35	35	30	n/a	51	n/a
Monitoring of Institutional Biological Safety Committees (IBSCs)[5] decisions	54	54	100	66	66	n/a
Audit of IBSC delegation	3	3	1	n/a	1	n/a

[3] Dash indicates data not available at sub-type level.

[4] Applications for non-statutory advice often request advice on more than one organism. The numbers reported reflect the number of enquiries received and not the number of organisms. Non-statutory advice cannot be withdrawn. If an organism was clearly already in New Zealand, ERMA New Zealand processed the application under a non-statutory advice pathway, rather than a determination pathway.

[5] See Appendix 2 for a breakdown of decisions made by IBSCs.

TABLE 2
TIMELINESS OF NEW ORGANISM PART 5 APPLICATIONS DECIDED IN 2010-11[6]

APPLICATION TYPE	TOTAL NUMBER OF APPLICATIONS DECIDED 2008-11	3-YEAR MEDIAN 2008-11 (DAYS)	MEDIAN 2009-10 (DAYS)	MEDIAN 2010-11 (DAYS)	STATUTORY TIMING (DAYS)
Non-GMO release and containment					
Notified (full release)	5	71	96	66.5	100
Notified (conditional release)	1	64	-	-	100
Notified (containment)	0	-	-	-	100
Non-notified (containment)	19	24	20	20	60
GMO development in containment					
Notified	1	88	88	-	100
Non-notified	4	10	13	10	60
GMO import into containment					
Notified	0	-	-	-	100
Non-notified	0	-	-	-	60
GMO field test and outdoor developments					
GMO field test and outdoor developments	2	121.5	-	80	100
GMO releases					
Notified (full release)	0	-	-	-	100
Notified (conditional release)	1	112	-	-	100
Rapid assessments					
Non-GMO release	3	3	-	1.5	10
GMO development in containment	49	2	3	1	10
GMO import into containment	10	1	3.5	1	10
GMO releases	0	-	-	-	10
Reassessments					
Externally generated	0	-	-	-	n/a
Chief Executive-initiated	0	-	-	-	n/a
Import or release of a new organism in emergency					
Import or release of a new organism in emergency	0	-	-	-	100
Import or release of a new organism in special emergency	0	-	-	-	100

[6] Dash indicates data not calculable.

APPLICATION TYPE	TOTAL NUMBER OF APPLICATIONS DECIDED 2008-11	3-YEAR MEDIAN 2008-11 (DAYS)	MEDIAN 2009-10 (DAYS)	MEDIAN 2010-11 (DAYS)	STATUTORY TIMING (DAYS)
Transhipment					
Transhipment	0	-	-	-	10
Statutory determinations					
Determination on an organism	8	30	20.5	-	n/a
Grounds for reassessment	2	156	46	266	n/a
Minor or technical amendments					
Amendment to all application types other than those listed below	26	26.5	34.5	36	n/a
Amendment to a rapid assessment application	21	15	8	16	n/a

Note: Median processing days include timeframe waivers.

TABLE 3
MEDIAN PROCESSING COSTS FOR NEW ORGANISM PART 5 APPLICATIONS DECIDED IN 2010-11[7]

APPLICATION TYPE	TOTAL NUMBER OF APPLICATIONS DECIDED 2008-11	3-YEAR MEDIAN 2008-11 ($000)	MEDIAN 2009-10 ($000)	MEDIAN 2010-11 ($000)
Non-GMO release and containment				
Notified (full release)	5	17.5	69.8	13.5
Notified (conditional release)	1	92.1	-	-
Notified (containment)	0	-	-	-
Non-notified (containment)	19	4.9	3.3	2.8
GMO development in containment				
Notified	1	285.3	285.3	-
Non-notified	4	6.4	11.9	3.0
GMO import into containment				
Notified	0	-	-	-
Non-notified	0	-	-	-
GMO field test and outdoor developments				
GMO field test and outdoor developments	2	228.1	-	55.6
GMO releases				
Notified (full release)	0	-	-	-
Notified (conditional release)	1	197.3	-	-
Rapid assessments				
Non-GMO release	3	5.0	-	4.7
GMO development in containment	49	1.9	1.8	0.5
GMO import into containment	10	1.2	2.0	0.9
GMO releases	0	-	-	-
Reassessments				
Externally generated	0	-	-	-
Chief Executive-initiated	0	-	-	-
Import or release of a new organism in an emergency				
Import or release of a new organism in an emergency	0	-	-	-
Import or release of a new organism in special emergency	0	-	-	-

[7] Dash indicates data not calculable.

APPLICATION TYPE	TOTAL NUMBER OF APPLICATIONS DECIDED 2008-11	3-YEAR MEDIAN 2008-11 ($000)	MEDIAN 2009-10 ($000)	MEDIAN 2010-11 ($000)
Transhipment				
Transhipment	0	-	-	-
Statutory determinations				
Determination on an organism	8	2.5	0.4	-
Grounds for reassessment	2	13.9	25.7	2.0
Minor or technical amendments				
Amendment to all application types other than those listed below	26	1.0	2.1	0.5
Amendment to a rapid assessment application	21	0.4	1.2	0.3

OUTPUT 2

Hazardous substance decision-making

DESCRIPTION

Activities under this output related to assessing and considering applications and statutory determinations under Parts 5, 6 and 6A of the Act. This included:

- approvals of hazardous substances, licences, test certifiers, permissions, equipment, codes of practice, import certificates and waivers;
- developing and maintaining policies and procedures for decision-making on or relating to hazardous substances, including the incorporation of Māori perspectives and ethical considerations;
- implementing specific programmes focused on guiding stakeholders through the applications process, raising awareness and improving applicants' understanding of the application processes;
- reassessing hazardous substance approvals, including group standards and applications for reassessment initiated by the Chief Executive; and
- providing non-statutory advice relating to the regulatory status of substances and the labelling of products containing hazardous substances.

The output comprised processing applications as quickly and cost effectively as possible and providing information to applicants to facilitate robust applications.

PERFORMANCE MEASURES

Output 2: Assessment of and making decisions on hazardous substances applications

2.1
ASSESSMENT OF AND MAKING DECISIONS ON APPLICATIONS FOR OR RELATING TO HAZARDOUS SUBSTANCES

Activities

- Make decisions that take into account the potential to introduce harmful substances and comply with the Act, Methodology and regulations while allowing benefits to occur.
- Apply appropriate controls to approvals to manage the risk of hazardous substances.
- Review the list of hazardous substances to be reassessed on an ongoing basis.
- Reassess substances on the list, taking into account new information on the risks to human health and the environment.

Output measures	Annual update
Audits show that all decisions have taken into account the risks, costs and benefits relating to the import, manufacture and use of hazardous substances, and are compliant with the Act and the Methodology.	**Achieved.** An internal audit of the streamlined process for handling internal applications to import or manufacture hazardous substances under section 28 of the HSNO Act was completed. The audit showed that the decisions were compliant with the Act and Methodology.
All decisions are made within the statutory timeframes (where applicable).	**Not achieved.** There were 263 hazardous substance applications completed this year which had applicable statutory timeframes. Of these, 240 were completed in time (including waivers) which equated to 91%.
Completing reassessments of substances on the reassessment list initiated by the Chief Executive so as to achieve the reassessment of 20 substances within a five-year timeframe.	**On track.** As the reassessment of the organophosphate substances has been expanded, decisions on these will not be made until late 2012. This meant that reassessments were completed for Quintozene, Methyl Bromide, Trichlorfon and LPG.

TABLE 4
HAZARDOUS SUBSTANCE PART 5 APPLICATIONS RECEIVED, DECIDED AND WITHDRAWN IN 2010-11[8]

APPLICATION TYPE	ACTUAL RECEIVED 2009-10	ACTUAL DECIDED 2009-10	FORECAST DECIDED 2010-11[9]	ACTUAL RECEIVED 2010-11	ACTUAL DECIDED 2010-11	ACTUAL WITHDRAWN 2010-11
Import or manufacture for release	**83**	**77**	**67**	**64**	**79**	**0**
Notified (Category A) – standard	70	62	-	37	56	0
Notified (Category A) – risk reduction	1	1	-	1	2	0
Notified (Category B) – standard	1	1	-	1	1	0
Notified (Category B) – risk reduction	0	0	-	0	0	0
Notified (Category C) – standard	8	9	-	3	6	0
Notified (Category C) – risk reduction	0	0	-	0	0	0
Major issue	0	1	-	0	0	0
Non-notified Category A	-	-	-	13	8	0
Non-notified Category B	-	-	-	1	1	0
Non-notified Category C	-	-	-	4	1	0
Internally generated group standards	0	0	-	0	0	0
Externally generated group standards	1	1	-	2	1	0
Amendments to a group standard	2	2	-	2	3	0
Import or manufacture in containment	**21**	**19**	**33**	**22**	**18**	**0**
Field trial	20	19	-	19	17	0
Export only	0	0	-	1	1	0
Persistent Organic Pollutants (POPs)	1	0	-	0	0	0
Other purpose	0	0	-	2	0	0
Rapid assessment to import or manufacture	**80**	**73**	**55**	**86**	**74**	**7**
Least degree of hazard	n/a	9	-	n/a	17	2
Reduced hazard	n/a	29	-	n/a	26	3
Similar composition and hazardous properties	n/a	35	-	n/a	31	2
Reassessments	**9**	**5**	**8**	**8**	**9**	**1**
Chief Executive-initiated (full)	1	1	-	6	4	0
Chief Executive-initiated (modified)	2	1	-	0	1	0
Externally generated (full)	1	1	-	0	1	0
Externally generated (modified)	5	2	-	2	3	1
Emergencies / special emergencies	**1**	**1**	**2**	**0**	**0**	**0**
Emergencies/special emergencies	1	1	2	0	0	0

[8] Applications are not always decided in the year they are received.

[9] Dash indicates data not available at sub-type level.

APPLICATION TYPE	ACTUAL RECEIVED 2009-10	ACTUAL DECIDED 2009-10	FORECAST DECIDED 2010-11[9]	ACTUAL RECEIVED 2010-11	ACTUAL DECIDED 2010-11	ACTUAL WITHDRAWN 2010-11
Transhipment	**8**	**8**	**4**	**6**	**6**	**0**
Transhipment	8	8	4	6	6	0
Statutory determinations	**8**	**11**	**10**	**6**	**3**	**0**
Determination on a substance	1	2	-	2	1	0
Grounds for reassessment	7	9	-	4	2	0
Minor or technical amendments	**17**	**11**	**6**	**5**	**8**	**0**
Amendment to a Category A risk reduction, rapid assessment, containment or transhipment application	17	11	-	2	6	0
Amendment to all application types other than those listed above	0	0	-	3	2	0
TOTAL	**227**	**205**	**185**	**197**	**197**	**8**
Non-statutory advice	692	489	600	583	567	25

[9] Dash indicates data not available at sub-type level.

TABLE 5
TIMELINESS OF HAZARDOUS SUBSTANCE PART 5 APPLICATIONS DECIDED IN 2010-11[10]

APPLICATION TYPE	TOTAL NUMBER OF APPLICATIONS DECIDED 2008-11	3-YEAR MEDIAN 2008-11 (DAYS)	MEDIAN[11] 2009-10 (DAYS)	MEDIAN 2010-11 (DAYS)	STATUTORY TIMING (DAYS)
Import or manufacture for release					
Notified (Category A) – standard	158	80	84	66.5	100
Notified (Category A) – risk reduction	3	71	71	64.5	100
Notified (Category B) – standard	2	85	87	83	100
Notified (Category B) – risk reduction	0	-	-	-	100
Notified (Category C) – standard	22	128	113	87.5	100
Notified (Category C) – risk reduction	1	231	-	-	100
Major issue	1	367	367	-	100
Non-notified Category A	8	30.5	-	30.5	60
Non-notified Category B	1	38	-	38	60
Non-notified Category C	1	29	-	29	60
Externally generated group standards	2	127.5	159	96	n/a
Internally generated group standards	0	-	-	-	n/a
Amendments to a group standard	5	102	189.5	102	n/a
Import or manufacture in containment					
Field trial	58	23.5	19	32	60
Export only	2	31.5	-	34	60
Persistent Organic Pollutants (POPs)	0	-	-	-	60
Other purpose	3	28	-	-	60
Rapid assessment to import or manufacture					
Least degree of hazard	39	10	10	10	10
Reduced hazard	75	10	10	10	10
Similar composition and hazardous properties	106	10	10	10	10
Reassessments					
Chief Executive-initiated (full)	9	67	176	88	n/a
Chief Executive-initiated (modified)	3	99	99	188	n/a
Externally generated (full)	2	169	235	103	n/a
Externally generated (modified)	5	83	105.5	83	n/a

[10] Dash indicates data not calculable.

[11] Median processing days include timeframe waivers.

APPLICATION TYPE	TOTAL NUMBER OF APPLICATIONS DECIDED 2008-11	3-YEAR MEDIAN 2008-11 (DAYS)	MEDIAN[11] 2009-10 (DAYS)	MEDIAN 2010-11 (DAYS)	STATUTORY TIMING (DAYS)
Import or manufacture for release in an emergency (rapid assessment)					
Emergency	0	-	-	-	n/a
Special emergency	1	7	7	7	n/a
Transhipment					
Transhipment	18	2	2.5	10	10
Statutory determinations					
Determination on a substance	3	72	62.5	119	n/a
Grounds for reassessment	19	26	29	21.5	n/a
Minor and technical amendments					
Amendment to a Category A risk reduction, rapid assessment, containment or transhipment application	35	53.5	39	60	n/a
Amendment to all application types other than those listed above	3	4	-	2	n/a

[11] Median processing days include timeframe waivers.

TABLE 6
MEDIAN PROCESSING COSTS FOR HAZARDOUS SUBSTANCE PART 5 APPLICATIONS DECIDED IN 2010-11[12]

APPLICATION TYPE	TOTAL NUMBER OF APPLICATIONS DECIDED 2008-11	3-YEAR MEDIAN 2008-11 ($000)	MEDIAN 2009-10 ($000)	MEDIAN 2010-11 ($000)
Import or manufacture for release				
Notified (Category A) – standard	158	6.1	6.3	2.0
Notified (Category A) – risk reduction	3	5.2	5.8	4.0
Notified (Category B) – standard	2	5.5	6.6	4.4
Notified (Category B) – risk reduction	0	-	-	-
Notified (Category C) – standard	22	23.4	28.7	13.8
Notified (Category C) – risk reduction	1	36.3	-	-
Major issue	1	180.1	180.1	-
Non-notified Category A	8	0.9	-	0.9
Non-notified Category B	1	1.5	-	1.5
Non-notified Category C	1	0.6	-	0.6
Externally generated group standards	2	10.8	6.1	15.4
Internally generated group standards	0	-	-	-
Amendments to group standards	5	26.3	34.3	26.3
Import or manufacture in containment				
Field trial	58	1.4	1.5	0.4
Export only	2	1.3	-	0.5
Persistent Organic Pollutants (POPs)	0	-	-	-
Other purpose	3	1.3	-	-
Rapid assessment to import or manufacture				
Least degree of hazard	39	1.3	1.8	0.7
Reduced hazard	75	1.3	1.9	0.6
Similar composition and hazardous properties	106	2.1	2.1	0.7
Reassessments				
Chief Executive-initiated (full)	9	63.8	170.4	43.0
Chief Executive-initiated (modified)	3	34.2	21.5	34.2
Externally generated (full)	2	10.6	18.1	3.1
Externally generated (modified)	5	3.8	5.5	3.0
Import or manufacture for release in an emergency (rapid assessment)				
Emergency	0	-	-	-
Special emergency	1	5.8	5.8	-

[12] Dash indicates data not calculable.

APPLICATION TYPE	TOTAL NUMBER OF APPLICATIONS DECIDED 2008-11	3-YEAR MEDIAN 2008-11 ($000)	MEDIAN 2009-10 ($000)	MEDIAN 2010-11 ($000)
Transhipment				
Transhipment	18	1.3	2.1	0.6
Statutory determinations				
Determination on a substance	3	5.3	5.6	2.4
Grounds for reassessment	19	3.8	2.0	2.2
Minor or technical amendments				
Amendment to a Category A risk reduction, rapid assessment, containment or transhipment application	35	-	0.1	-
Amendment to all application types other than those listed above	3	-	-	-

TABLE 7
TEST CERTIFIER TIMELINESS DATA FOR THE 2010-11 FINANCIAL YEAR

APPLICATION TYPE	APPLICATIONS DECIDED 2009-10	APPLICATIONS DECIDED 2010-11	STATUTORY TIMEFRAME (DAYS)	MEDIAN STATUTORY DAYS 2010-11
Standard applications (including extensions)	48	56	20	15
Renewal of existing licence	65	21	20	10
TOTAL	**113**	**77**	**n/a**	**n/a**

Note: From a total of 77 applications 11 exceeded the statutory time limit.

TABLE 8
APPLICATIONS ACCEPTED AND DECIDED FOR STATUTORY INSTRUMENTS (APPROVALS AND WAIVERS) TO 30 JUNE 2011

APPLICATION TYPE	2010-11 FORECAST DECIDED	DECIDED 2010-11	DECIDED 2009-10
Test certifier applications (standard and renewal)	16	77	107
Test certificate waivers	74	82	71
Permissions	6	2	5
Approvals	26	45	310[13]
Licences and certificates	1,680[14]	1,229[15]	896[16]
Waivers and variations	43	24	75
Codes of practice and practice guides	3	10	11
TOTAL	**1,848**	**1,469**	**1,475**

[13] This includes 247 compliance plans received in previous years that were decided this year.

[14] This includes 1,400 controlled substance licences and 280 explosives import certificates.

[15] The number of controlled substance licence applications received was lower than expected.

[16] This includes a total of 600 decisions for controlled substance licences (including 24 declined (4%)) and 296 explosive import certificates.

OUTPUT 3

Hazardous substance compliance

DESCRIPTION

Activities under this output related to co-ordinating and facilitating compliance with hazardous substance approvals, and were guided by the Hazardous Substances Compliance and Enforcement Strategy.

We did this through maintaining oversight of the enforcement regime, monitoring decisions made by test certifiers and other parties, and through the provision of information to support compliance.

PERFORMANCE MEASURES

Output 3: Co-ordinating and facilitating compliance when dealing with hazardous substances

3.1
CO-ORDINATING AND FACILITATING COMPLIANCE WHEN DEALING WITH HAZARDOUS SUBSTANCES

Activities

- Monitor and support the enforcement agencies as specified in Section 97 of the HSNO Act.
- Monitor and support the independent test certifier regime.
- Provide information and advice to users of hazardous substances on the controls and how to comply with them.

Output measures	Annual update
All central government enforcement agencies regard the annual activities and intentions report to be fair and accurate and consider they had an acceptable opportunity to provide input into the process and report.	**Achieved.** Our report on enforcement agency hazardous substance activities and intentions was provided to the Minister on 25 November 2010. All central government enforcement agencies (Department of Labour, Ministry of Health, Energy Safety, NZ Police, Civil Aviation Authority, Maritime NZ and Customs NZ) agreed that: • the report was fair and accurate; and • they had an acceptable opportunity to provide input into the report.
A reduction in the percentage of audit recommendations is made to address significant deficiencies in the performance of test certifiers.	**Achieved.** Findings of the test certifier audits were reported to the Authority in June. There was a 25% drop in significant deficiencies identified in these audits compared with 2009-10.

Output measures	Annual update
At least 80% of workshop participants surveyed confirm that the workshops effectively conveyed the theme and intent of the workshop and were relevant to the audience (being enforcement officers, test certifiers or industry as appropriate).	**Achieved.** Overall, 93% of test certifier workshop participants confirmed that the workshops effectively conveyed the theme and intent of the workshop; and 95% confirmed they were relevant to the audience.
At least 80% of users of the Hazardous Substances Information Line find the information provided to be clear, helpful and fit for purpose.	**Achieved.** Eighty-four percent of people who called the Hazardous Substances Information Line during a six-week period, found the information provided to be clear, helpful and fit for purpose. The service was rated as excellent or very good (77%), quite good (11%) or not very good/poor (12%). One hundred and eighty-seven people (59% of all callers over this period) participated in the survey.

HAZARDOUS SUBSTANCE INQUIRIES

ERMA New Zealand had the power to conduct an inquiry into an incident where such an inquiry was warranted. For hazardous substances, these would typically be for Level 4 and Level 5 incidents.

There were no hazardous substances inquiries conducted during the year.

TABLE 9
SUMMARY OF INCIDENTS REPORTED IN THE 2010-11 FINANCIAL YEAR

INCIDENT TYPE	LEVEL 1 (MINIMAL)	LEVEL 2 (MINOR)	LEVEL 3 (MODERATE)	LEVEL 4 (MAJOR)	LEVEL 5 (MASSIVE)	2010-11 TOTAL	2009-10 TOTAL
Spills/leakage	759	4	1	0	0	764	837
Explosion	6	5	4	0	0	15	23
Fire	505	2	3	0	0	510	294
Other	123	3	1	0	0	127	130
Total	**1,393**	**14**	**9**	**0**	**0**	**1,416**	**1,284**

OUTPUT 4

Public information and awareness

DESCRIPTION

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

- promoting public awareness and knowledge of the safety rules, compliance regime and regulatory framework; and
- developing the awareness of iwi/Māori about HSNO Act matters and encouraging their participation in HSNO Act processes.

PERFORMANCE MEASURES

Output 4: Increasing the general public's understanding and knowledge about the safe use of hazardous substances and new organisms

4.1
EDUCATING NEW ZEALANDERS ON THE SAFE HANDLING OF HAZARDOUS SUBSTANCES AND NEW ORGANISMS

Activities

- Ensure that information is easy to access.
- Ensure that information relating to the safe handling of new organisms and hazardous substances is easy to understand.

Output measures	Annual update
At least 70% of people surveyed find ERMA New Zealand information easy to access and easy to understand.	A survey of nearly 3,400 ERMA New Zealand contacts who used the website was conducted in June 2011. Some 68% of respondents said they could always/usually access the information they wanted and 76% rated the website as always/usually easy to understand.
There is a reduction in the level of incidents through people not complying with the controls.	For the year, 46 incidents of Level 2 and above were recorded compared with 49 in 2009-10. These were all incidents where people did not comply with the controls.

4.2
ENSURING THERE ARE OPPORTUNITIES FOR MĀORI TO PARTICIPATE IN HSNO ACT PROCESSES

Activities

- Ensure that Māori have the information required to be able to participate in the HSNO Act processes.

Output measures	Annual update
At least 90% of those surveyed from the Māori participation programmes rate them as good or very good.	**Achieved.** Data gathered regarding participant response to the programmes showed that 95% rated them as very good.

OUTPUT 5

Government policy, legislation and international activities

Primary activities under this output were advising on the implementation of Government policy and legislation relevant to the HSNO Act, (including monitoring and reviewing the effectiveness of the HSNO Act regime), working to ensure inconsistencies or conflicts between the HSNO Act and other legislation were minimised, and maintaining an overview of and participating in international developments in the management of hazardous substances and new organisms. The output comprised:

- providing input into ministerial correspondence and responses to parliamentary questions and briefing papers;
- participating in the development of Government policy, legislation and regulations;
- monitoring and reviewing the effectiveness of the HSNO Act; and
- participating and representing New Zealand's interests in the work of international bodies dealing with hazardous substances and new organisms.

PERFORMANCE MEASURES

Output 5: Provide advice regarding government policy, legislation and oversight of international activities

5.1
ADVICE REGARDING GOVERNMENT POLICY, LEGISLATION AND OVERSIGHT OF INTERNATIONAL ACTIVITIES

Activities

- We will recommend improvements and provide input into any proposed changes to the HSNO Act.
- We will participate in international activities and ensure that any international trends and innovations are fed into the appropriate channels.

Output measures	Annual update
Regular monitoring and reporting of key indicators is undertaken on both a qualitative and quantitative basis.	**Achieved.** We received 24 ministerials, 46 information requests from government agencies and two parliamentary questions. All responses to ministerial correspondence and information requests from government agencies were completed in the agreed time, and to the agreed process. The Monitoring Report 2011 was submitted to the Minister in April.
Participation in international activities and assurance that any international trends and innovations are fed into the appropriate channels.	**Achieved.** We reported to the Authority on participation in meetings of the Rotterdam Convention, Stockholm Convention, Montreal protocol, Cartagena Protocol and OECD Chemicals Committee with advice and input to ensure the HSNO regime is up to date with current international practice.

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	ACTUAL 2011 $000	BUDGET 2011 $000	ACTUAL 2010 $000
Income				
Revenue Crown	2	10,170	10,170	10,170
Interest income		126	90	112
Other income	3	718	783	908
Total income		**11,014**	**11,043**	**11,190**
Expenditure				
Personnel costs	4	7,126	7,059	6,970
Board member fees	21	324	401	377
Depreciation and amortisation expense		321	392	389
Capital charge	5	208	202	184
Other expenses	6	2,799	2,989	2,698
Total expenditure		**10,778**	**11,043**	**10,618**
Surplus/(deficit)		**236**	**-**	**572**
Other comprehensive income		-	-	-
Total comprehensive income		**236**	**-**	**572**

Explanations of significant variances against budget are detailed in note 28.

The accompanying notes form part of these financial statements.

Statement of financial position

AS AT 30 JUNE 2011

	NOTE	ACTUAL 2011 $000	BUDGET 2011 $000	ACTUAL 2010 $000
Assets				
Current assets				
Cash and cash equivalents	7	3,208	2,112	2,794
Debtors and other receivables	8	126	70	65
Prepayments		60	73	53
Investments	9	-	300	400
Total current assets		**3,394**	**2,555**	**3,312**
Non-current assets				
Property, plant and equipment	10	485	376	389
Intangible assets	11	881	1,221	882
Total non-current assets		**1,366**	**1,597**	**1,271**
Total assets		**4,760**	**4,152**	**4,583**
Liabilities				
Current liabilities				
Creditors and other payables	12	785	667	900
Employee entitlements	13	598	525	544
Total current liabilities		**1,383**	**1,192**	**1,444**
Non-current liabilities				
Employee entitlements	13	71	39	69
Provisions	14	161	161	161
Total non-current liabilities		**232**	**200**	**230**
Total liabilities		**1,615**	**1,392**	**1,674**
Net assets		**3,145**	**2,760**	**2,909**
Equity				
General funds		3,145	2,760	2,909
Total equity		**3,145**	**2,760**	**2,909**

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	ACTUAL 2011 $000	BUDGET 2011 $000	ACTUAL 2010 $000
Balance at 1 July		2,909	2,760	2,337
Total comprehensive income		236	-	572
Balance at 30 June	16	**3,145**	**2,760**	**2,909**

The accompanying notes form part of these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	ACTUAL 2011 $000	BUDGET 2011 $000	ACTUAL 2010 $000
Cash flows from operating activities				
Receipts from Crown		10,170	10,170	10,170
Interest received		138	88	108
Receipts from other revenue		612	693	829
Payments to suppliers		(3,246)	(3,354)	(2,858)
Payments to employees		(7,070)	(7,123)	(6,949)
Payments for capital charge		(208)	(202)	(184)
Goods and service tax (net)		48	(20)	(44)
Net cash flows from operating activities	17	**444**	**252**	**1,072**
Cash flows from investing activities				
Receipts from sale of investments		400	400	300
Purchase of property, plant and equipment		(266)	(177)	(158)
Purchase of intangible assets		(164)	(538)	(359)
Acquisition of investments		-	(300)	(400)
Net cash flows from investing activities		**(30)**	**(615)**	**(617)**
Net increase/(decrease) in cash held		**414**	**(363)**	**455**
Cash and cash equivalents at the beginning of the year		2,794	2,475	2,339
Cash and cash equivalents at the end of the year	7	**3,208**	**2,112**	**2,794**

The goods and services tax (GST) (net) component of operating activities reflects the net GST paid and received from Inland Revenue. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

REPORTING ENTITY

The Environmental Risk Management Authority was an Autonomous Crown Entity under the Crown Entities Act 2004 and is referred to throughout this Annual Report as ERMA New Zealand. This inclusive term is used unless the reference is to the exercise of specific statutory powers and functions or specific responsibilities of the legal entity, or where reference to one of the elements of ERMA New Zealand is required for clarity. ERMA New Zealand was established under the HSNO Act, and commenced activities on 9 October 1996. ERMA New Zealand was domiciled in New Zealand and the ultimate parent was the New Zealand Crown.

The primary objective of ERMA New Zealand was to protect the environment and health and safety of people and communities rather than to make a financial return.

Accordingly, ERMA New Zealand designated itself as a public benefit entity for the purposes of the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Environmental Protection Authority Act passed on 17 May 2011 provided for the disestablishment of ERMA New Zealand on 30 June 2011. The Act requires the EPA Board to deliver the final report of ERMA New Zealand to the Minister. The financial statements of ERMA New Zealand are for the year ended 30 June 2011 and were approved by the Board of the Environmental Protection Authority (EPA) on 31 October 2011.

All the functions, assets and liabilities of ERMA New Zealand were transferred to the EPA on 1 July 2011. The disestablishment of ERMA New Zealand required these financial statements to be prepared on a disestablishment basis, not on a normal going-concern basis. However, as the EPA is delivering all the HSNO outputs with the assets and liabilities of ERMA New Zealand, no adjustments were required because of the disestablishment.

The key functions of the EPA are to:

- process matters for proposals of national significance under the Resource Management Act 1991;
- undertake all the functions previously performed by ERMA New Zealand under the HSNO Act 1996; and
- undertake administration for the Emissions Trading Scheme under the Climate Change Response Act 2002.

Decisions were made on the EPA structure and operations, including how ERMA New Zealand and the functions from the Ministry for the Environment and the Ministry of Economic Development would be vested and integrated. The legislation to implement these changes was enacted and ERMA New Zealand functions, duties and powers became the functions, duties and powers of the EPA. All ERMA New Zealand's assets, rights, liabilities, contracts, entitlements and engagements were transferred to the EPA.

BASIS OF PREPARATION

Statement of Compliance

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

These financial statements have been prepared in accordance with NZ GAAP. They comply with the NZ IFRS, and other applicable financial reporting standards, as appropriate for a public benefit entity.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement basis

The financial statements have been prepared on a historical cost basis and the measurement of investments at fair value.

Functional and presentation currency

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

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the financial year.

EARLY ADOPTED AMENDMENTS TO STANDARDS

The following amendments to standards have been early adopted:

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

STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY

Standards, amendments and interpretations issued but not yet effective that have not been adopted earlier, and which are relevant to ERMA New Zealand, are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2014. The EPA has not yet assessed the effect of the new standard and expects it will not be early adopted.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

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

Revenue from the Crown

Revenue is derived through the provision of outputs to the Crown as specified in the Statement of Intent and for services to third parties, primarily through application fees.

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

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

Interest

Interest income is recognised using the effective interest method.

Provision of services

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

Capital charge

The capital charge is recognised as an expense in the period to which the charge relates.

Leases

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

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

Debtors and other receivables

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

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

Investments

At each balance sheet date, ERMA New Zealand assessed whether there was any objective evidence that a financial asset or group of financial assets was impaired. ERMA New Zealand investments were all in bank deposits.

Bank deposits

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

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

Accounting for derivative financial instruments and hedging activities

ERMA New Zealand did not use any derivative financial instruments to hedge exposure to foreign exchange and interest rate risks arising from financing activities. ERMA New Zealand did not hold or issue derivative financial instruments for trading purposes.

Property, plant and equipment

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

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

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that there will be future economic benefits or service potential associated with the item and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

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

Disposals

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

Subsequent costs

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

Depreciation

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

Computer hardware	3 to 4 years	(25% to 33%)
Furniture and fixtures	6 years	(16.7%)
Leasehold improvements	6 to 9 years	(11.1% to 16.7%)
Office equipment	6 years	(16.7%)

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

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

Intangible assets

Software acquisition and development

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

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of ERMA New Zealand's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Computer software	3 to 8 years	(12.5% to 33.3%)

Impairment of property, plant and equipment, and intangible assets

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

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

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

Creditors and other payables

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

Employee entitlements

Short-term entitlements

Employee entitlements expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date and annual leave earned, but not yet taken at balance date.

A liability for sick leave is not recognised as the sick leave entitlement is not specified and non-accumulating.

A liability and an expense for performance payment is recognised where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term entitlements

Long service leave entitlements that are payable beyond 12 months have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

The risk-free discount rates and the salary inflation rate are published by the Treasury for consolidation into the Government's financial statements at 30 June 2011.

A liability for retirement leave or superannuation schemes is not recognised as these entitlements are not in the employment contracts.

Presentation of employee entitlements

Annual leave and long service leave expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

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

Provisions

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

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

Borrowings

ERMA New Zealand did not have any borrowings.

Equity

Equity is measured as the difference between total assets and total liabilities.

Goods and services tax (GST)

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

The net amount of GST recoverable from, or payable to, Inland Revenue (IRD) is included as part of the receivables or payables in the statement of financial position.

The net GST paid to, or received from IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

ERMA New Zealand was exempt from income tax in terms of the Income Tax Act 2004. Accordingly, no charge for income tax has been provided.

Budget figures

The budget figures are derived from the Statement of Intent as approved by the Board of ERMA New Zealand at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Cost allocation

The cost of outputs is determined using the cost allocation outlined below.

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

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

Critical accounting estimates and assumptions

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

Property, plant and equipment useful life and residual value

At balance date ERMA New Zealand reviewed the useful life and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment required ERMA New Zealand to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by ERMA New Zealand and expected disposal proceeds from the future sale of the asset.

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

ERMA New Zealand minimised the risk of this estimation uncertainty by:

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

ERMA New Zealand did not make significant changes to past assumptions concerning useful lives and residual values.

The carrying amounts of property, plant and equipment are disclosed in note 10.

An analysis of the exposure in relation to estimates and uncertainties surrounding long service leave liabilities is provided in note 13.

Critical judgements in applying ERMA New Zealand's accounting policies

Management exercised the following critical judgements in applying ERMA New Zealand's accounting policies for the period ended 30 June 2011.

Lease classification

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

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

ERMA New Zealand exercised its judgement on the appropriate classification of equipment leases and determined there were no lease arrangements that could be classified as finance leases.

Classification of intangible assets

ERMA New Zealand purchased and developed a number of databases for the management of HSNO Act applications. The databases are estimated to have a useful life of eight years. In the event of a complete revamp of any database, the unamortised portion will be written off in the surplus or deficit.

2. REVENUE FROM THE CROWN

ERMA New Zealand was provided with funding from the Crown for the specific purpose of ERMA New Zealand as set out in its founding legislation and the scope of the relevant government appropriations. Apart from these restrictions, there were no unfulfilled conditions or contingencies attached to government funding (2010 – nil).

	ACTUAL 2011 $000	ACTUAL 2010 $000
Crown revenue as per Supplementary Estimates	10,170	10,170
Amount reported in the Statement of Intent	**10,170**	**10,170**

3. OTHER REVENUE

	ACTUAL 2011 $000	ACTUAL 2010 $000
Hazardous substance Part 5 application fees	360	506
New organism Part 5 application fees	133	186
Hazardous substance Part 6 application fees	126	127
Other fees and revenue	99	89
Total other revenue	**718**	**908**

4. PERSONNEL COSTS

	ACTUAL 2011 $000	ACTUAL 2010 $000
Salaries and wages	6,671	6,587
Employer contributions to defined contribution plans	123	103
Increase/(decrease) in employee entitlements (note 13)	56	64
Other personnel related costs	276	216
Total personnel costs	**7,126**	**6,970**

Employer contributions to defined contribution plans include contributions to KiwiSaver and the Government Superannuation Fund.

5. CAPITAL CHARGE

ERMA New Zealand paid a capital charge to the Crown on its taxpayer funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2011 was 7.5% (2010 – 7.5%).

6. OTHER EXPENSES

	ACTUAL 2011 $000	ACTUAL 2010 $000
Fees to auditor:		
– audit fees for financial statements audit	36	36
Staff travel	454	354
Operating lease expense	595	607
ACC levy	45	43
Consultancy	473	608
Website development expenses	259	124
Other	937	926
Total other expenses	**2,799**	**2,698**

7. CASH AND CASH EQUIVALENTS

	ACTUAL 2011 $000	ACTUAL 2010 $000
Cash on hand and at bank	3,208	244
Cash equivalents – term deposits	-	2,550
Total cash and cash equivalents	**3,208**	**2,794**

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

The weighted average effective interest rate for term deposits in 2010 was 3.78%. Due to the pending disestablishment of ERMA New Zealand, all term deposits matured on 30 June 2011 and the cash at bank was transferred to the EPA bank account on 1 July 2011.

8. DEBTORS AND OTHER RECEIVABLES

	ACTUAL 2011 $000	ACTUAL 2010 $000
Debtors and other receivables	126	53
Accrued interest	-	12
Less: provision for impairment	-	-
Total debtors and other receivables	**126**	**65**

The carrying value of receivables approximates their fair value.

The carrying amount of receivables that are past due is $2,000 (2010 – $1,000) and all are expected to be recovered. Consequently, no provisions for impairment were required for these receivables.

9. INVESTMENTS

	ACTUAL 2011 $000	ACTUAL 2010 $000
Current investments are represented by:		
Term deposits	-	400
Total current portion and investments	**-**	**400**

There were no impairment provisions for investments in 2011 or 2010.

Maturity analysis and effective interest rates of term deposits

The maturity dates and weighted average effective interest rates for term deposits were as follows.

	ACTUAL 2011 $000	ACTUAL 2010 $000
The term deposits in 2010 are with maturities of four to six months (average maturity – 149 days)	-	400
Weighted average effective interest rate	-	4.73%

There were no term deposits with maturities beyond 30 June 2011, due to the disestablishment of ERMA New Zealand. The term deposits that matured on 30 June 2011 were transferred to the current account. On 1 July 2011, the cash balance was transferred to the EPA's bank account.

10. PROPERTY, PLANT AND EQUIPMENT

Movements for each class of property, plant and equipment were as follows:

	COMPUTER HARDWARE $000	FURNITURE AND FITTINGS $000	OFFICE EQUIPMENT – OWNED $000	LEASEHOLD IMPROVEMENTS $000	TOTAL $000
Cost or valuation					
Balance at 1 July 2009	1,197	462	352	1,036	3,047
Additions	122	10	8	-	140
Disposals	(69)	(13)	-	(17)	(99)
Balance at 30 June 2010	**1,250**	**459**	**360**	**1,019**	**3,088**
Balance at 1 July 2010	1,250	459	360	1,019	3,088
Additions	212	28	13	-	253
Disposals	(149)	-	(9)	-	(158)
Balance at 30 June 2011	**1,313**	**487**	**364**	**1,019**	**3,183**
Accumulated depreciation					
Balance at 1 July 2009	970	392	281	955	2,598
Depreciation expense	94	23	23	43	183
Eliminate on disposal	(69)	(13)	-	-	(82)
Balance at 30 June 2010	**995**	**402**	**304**	**998**	**2,699**
Balance at 1 July 2010	995	402	304	998	2,699
Depreciation expense	114	17	23	3	157
Eliminate on disposal	(149)	-	(9)	-	(158)
Balance at 30 June 2011	**960**	**419**	**318**	**1,001**	**2,698**
Carrying amounts					
At 1 July 2009	227	70	71	81	449
At 30 June and 1 July 2010	255	57	56	21	389
At 30 June 2011	353	68	46	18	485

Work-in-progress for property, plant and equipment was $96,000 (2010 – nil).

No impairment was established for any property, plant and equipment (2010 – nil).

There were no finance leases at 30 June 2011 (2010 – nil).

11. INTANGIBLE ASSETS

Movements for each class of intangible assets are as follows:

	ACQUIRED SOFTWARE $000
Cost	
Balance at 1 July 2009	1,213
Additions	341
Disposals	-
Balance at 30 June 2010	**1,554**
Balance at 1 July 2010	1,554
Additions	163
Disposals	-
Balance at 30 June 2011	**1,717**
Accumulated amortisation and impairment loss	
Balance at 1 July 2009	465
Amortisation expenses	207
Disposals	-
Balance at 30 June 2010	**672**
Balance at 1 July 2010	672
Amortisation expenses	164
Disposals	-
Balance at 30 June 2011	**836**
Carry amounts	
At 1 July 2009	748
At 30 June and 1 July 2010	882
At 30 June 2011	881

The total amount of intangible asset that is work-in-progress is $143,000 (2010 – $19,000).

There are no restrictions over the title of ERMA New Zealand's intangible assets, nor are any intangible assets pledged as security for liabilities.

12. CREDITORS AND OTHER PAYABLES

	ACTUAL 2011 $000	ACTUAL 2010 $000
Creditors	185	346
Income in advance	57	89
Accrued expenses	231	212
Other payables	312	253
Total creditors and other payables	**785**	**900**

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

13. EMPLOYEE ENTITLEMENTS

	2011 $000	2010 $000
Current employee entitlements are represented by:		
Accrued salaries and wages	157	123
Accrued performance payments	78	70
Long service leave	7	4
Annual leave	356	347
Total current employee entitlements	**598**	**544**
Non-current employee entitlements are represented by:		
Long service leave	71	69
Total non-current employee entitlements	**71**	**69**
Total employee entitlements	**669**	**613**

The present value of the long service leave obligations was calculated using a model issued by the Treasury for the purpose of recognising employee entitlement liabilities. Two key assumptions used in calculating this liability were the discount rate and the long-term salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

We used the discount rates and the long-term salary inflation factor published by the Treasury in July 2011 for the purposes of determining liability at 30 June 2011. The discount rates used were: one year at 2.84%, two years at 3.81% and three years plus at 6.00%. The salary inflation factor was 3.5%.

If the discount rate were to differ by 1% from the Treasury's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated $3,000 higher/lower.

If the long-term salary inflation factor were to differ by 1% from the Treasury's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated $5,000 higher/lower.

14. PROVISIONS

Provision is made for the estimated cost expected to be incurred to reinstate leased accommodation at the conclusion of leases.

	ACTUAL 2011 $000	ACTUAL 2010 $000
Non-current provisions are represented by:		
Lease make-good	161	161
Total non-current portion and provisions	**161**	**161**

Movements for each class of provision are as follows.

	LEASE MAKE-GOOD $000
2010	
Balance at 1 July	161
Additional provisions made	-
Balance at 30 June 2010	**161**
2011	
Balance at 1 July	161
Additional provisions made	-
Balance at 30 June 2011	**161**

LEASE MAKE-GOOD

In respect of the leased premises, ERMA New Zealand was required at the expiry of the lease term to make good any damage caused to the premises from installed fixtures and fittings and to remove any fixtures or fittings installed by ERMA New Zealand. In this case, as the EPA has taken over the ERMA New Zealand's option to renew these leases, there may be an impact on the timing of expected cash outflows to make good on the premises. The cash flow associated with the non-current portion of the lease make-good provision is expected to occur in 2013. ERMA New Zealand determined that the current provision was sufficient to cover the future estimated costs of any damage to the premises, since the refurbishment work was carried out at the end of June 2009. Information about ERMA New Zealand's leasing arrangements is disclosed in note 18.

15. BORROWINGS

ERMA New Zealand did not enter into any borrowing arrangements or finance leases in 2011 (2010 – nil).

16. EQUITY

	ACTUAL 2011 $000	ACTUAL 2010 $000
General funds		
Balance at 1 July	2,909	2,337
Total comprehensive income	236	572
Repayment of capital	-	-
Total equity at 30 June	**3,145**	**2,909**

17. RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FROM OPERATING ACTIVITIES

	ACTUAL 2011 $000	ACTUAL 2010 $000
Net surplus/(deficit) after tax	**236**	**572**
Add/(less) non-cash items:		
Depreciation and amortisation expense	321	389
Total non-cash items	**321**	**389**
Add/(less) items classified as investing or financing activities:		
(Gains)/losses on disposal of property, plant and equipment	2	-
Total items classified as investing or financing activities	**2**	**-**
Add/(less) movement in working capital items:		
Debtors and other receivables	(68)	24
Creditors and other payables	(103)	23
Provisions	-	-
Employee entitlements	56	64
Net movements in working capital items	**(115)**	**111**
Net cash from operating activities	**444**	**1,072**

18. CAPITAL COMMITMENTS AND OPERATING LEASES

	ACTUAL 2011 $000	ACTUAL 2010 $000
Capital commitments		
Property, plant and equipment	52	3
Intangible assets	307	-
Total capital commitments	**359**	**3**

OPERATING LEASES AS LESSEE

	ACTUAL 2011 $000	ACTUAL 2010 $000
Not later than one year	580	580
Later than one year and not later than five years	437	1,017
Later than five years	-	-
Total non-cancellable operating leases	**1,017**	**1,597**

19. CONTINGENCIES

CONTINGENT ASSETS AND LIABILITIES

ERMA New Zealand was not aware of the existence of any contingent assets or liabilities as at 30 June 2011 (2010 – nil).

20. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

ERMA New Zealand was a wholly owned entity of the Crown. The Government influenced the role of the entity as well as being its major source of revenue.

SIGNIFICANT TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

ERMA New Zealand was provided with funding from the Crown of $10.17m (2010 - $10.17m) for specific purposes as set out in its founding legislation and the scope of the relevant government appropriations.

COLLECTIVELY, BUT NOT INDIVIDUALLY, SIGNIFICANT, TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

In conducting its activities, ERMA New Zealand was required to pay various taxes and levies (such as GST, PAYE and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, was based on the standard terms and conditions that apply to all tax and levy payers. ERMA New Zealand was exempt from paying income tax.

ERMA New Zealand also purchased goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2011 totalled $256,000 (2010 - $216,000). These purchases included the purchase of air travel from Air New Zealand and postal services from New Zealand Post.

ERMA New Zealand also provided services to entities controlled, significantly influenced, or jointly controlled by the Crown. Services provided to these government-related entities for the year ended 30 June 2011 totalled $66,000 (2010 - $108,000). These services included revenue from applications made to ERMA New Zealand under the HSNO Act.

The following significant transactions were carried out with related parties as described below. All related party transactions were entered into on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they had control or significant influence were as follows:

AUTHORITY MEMBER	TRANSACTION	REF	TRANSACTION VALUE YEAR ENDED 30 JUNE		BALANCE OUTSTANDING YEAR ENDED 30 JUNE	
			2011 $000	2010 $000	2011 $000	2010 $000
Max Suckling and Kieran Elborough	Three research reports to ERMA New Zealand from the New Zealand Institute of Plant and Food Research.	i	26	25	-	17
Max Suckling and Kieran Elborough	Applications to ERMA New Zealand for approval from the New Zealand Institute of Plant and Food Research.	ii	5	5	1	1
Manuka Henare	University of Auckland made two applications to use HSNO substances for research (2010 – nil).	iii	1	-	-	-
Val Orchard	Environmental Science and Research (ESR) did not provide any services nor did it make any applications in 2011 (ESR supplied data but made no applications in 2010).	iv	-	2	-	-
Shaun Ogilvie and Max Suckling	Lincoln University made no applications this year but paid an IBSC audit fee (2010 – nil transactions).	v	2	-	-	-

(i) ERMA New Zealand used the New Zealand Institute of Plant and Food Research, the employer of Max Suckling and Kieran Elborough, to carry out research on pesticide usage (2010 – similar transactions).

(ii) The New Zealand Institute of Plant and Food Research made six applications to ERMA New Zealand for approval to carry out laboratory research on pesticides, plant and micro-organisms and 22 applications to determine the status of substances (2010 – nine applications for similar purposes).

(iii) University of Auckland (employer of Manuka Henare) made two research applications in 2011 (2010 – paid an IBSC renewal fee and made one application to carry out laboratory research on micro-organisms).

(iv) ERMA New Zealand did not use ESR, the employer of Val Orchard, for any work in 2011 (2010 – supply of data on harms to human health from HSNO substances). ESR made no applications in 2011 (2010 – nil).

(v) Lincoln University (employer of Shaun Ogilvie) paid an IBSC audit fee (Shaun Ogilvie was a co-researcher on a project with Connovation Ltd to carry out a field test for new baits for pest control in 2010). Max Suckling is a member of Lincoln University's Pastoral BioProtection programme.

ERMA New Zealand employed close family members of key management personnel on a casual basis during the school and university holiday period. The terms and conditions of those arrangements were no more favourable than ERMA New Zealand would have adopted if there was no relationship involved.

No provision was required, nor any expense recognised for impairment of receivables from related parties (2010 – nil).

KEY MANAGEMENT PERSONNEL COMPENSATION

	ACTUAL 2011 $000	ACTUAL 2010 $000
Salaries, fees and other short-term employee benefits	1,302	1,459
Post-employment benefits	16	16
Other long-term benefits	-	-
Termination benefits	-	-
Total key management personnel compensation	**1,318**	**1,475**

Key management personnel include all Authority and Ngā Kaihautū Tikanga Taiao members, the Chief Executive and the five members of the Strategic Management Team.

21. BOARD MEMBER REMUNERATION

			ACTUAL 2011 $000	ACTUAL 2010 $000
	Authority			
	Richard Woods	Chair	45	61
	Max Suckling	Deputy Chair	32	53
	Helen Atkins	Member	33	47
	Kieran Elborough	Member	14	17
	Manuka Henare	Member	24	25
	Val Orchard	Member	29	20
	Deborah Read	Member	25	32
	Shaun Ogilvie	Member	26	26
			228	**281**
	Ngā Kaihautū Tikanga Taiao			
	Glenice Paine	Chair	38	42
	Te Kei Merito	Deputy Chair	12	7
	James Ataria	Member	10	11
1	Matire Harwood	Member (retired August 2010)	-	-
	Darcia Solomon	Member	12	12
	Bella Tuau	Member	8	10
	Janis Walker	Member	6	5
	Nicholas Roskruge	Member	8	7
			94	**94**
	Audit and Risk Committee			
	John Apanowicz	External member	2	2
			2	**2**
	Total Board member remuneration		**324**	**377**

Key

1 Retired during the year.

Note: The Authority and Ngā Kaihautū Tikanga Taiao were disestablished on 30 June 2011 and no compensation was paid to any board member as a result of the disestablishment.

22. EMPLOYEE REMUNERATION

The number of employees who received remuneration and other benefits of $100,000 or more per annum, shown in $10,000 bands, are as follows:

	ACTUAL 2011	ACTUAL 2010
Total remuneration paid or payable		
$100,000 – $109,999	5	7
$110,000 – $119,999	2	2
$130,000 – $139,999	1	-
$140,000 – $149,999	1	-
$160,000 – $169,999	1	2
$170,000 – $179,999	1	2
$180,000 – $189,999	1	-
$290,000 – $299,999	-	1
$300,000 – $309,999	1	-
Total employees	**13**	**14**

The total remuneration and other benefits of the Chief Executive were in the $300,000 to $309,999 band (2010 – $290,000 to $299,999).

During the year ended 30 June 2011, one employee (2010 – one) received $14,000 compensation in relation to cessation (2010 – $10,000). No Board member received compensation or other benefit in relation to cessation (2010 – nil).

23. INDEMNITY

The Authority took out insurance cover against loss caused by the wrongful acts or omissions of test certifiers approved by the Authority under the HSNO Act where those acts or omissions occurred in a professional capacity in respect of test certifiers' duties under the HSNO Act. In addition, the Authority agreed to indemnify members (as well as members of Ngā Kaihautū Tikanga Taiao, external experts co-opted onto decision-making committees and ERMA New Zealand employees) in relation to acts or omissions made in good faith and in the performance or intended performance of the Authority's functions. The Authority took out insurance cover for personal accident and travel risks associated with overseas travel for members of the Authority and staff.

24. EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred between 30 June 2011 and the date of signing the financial statements that would materially affect the financial statements.

25. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	ACTUAL 2011 $000	ACTUAL 2010 $000
Loans and receivables		
Cash and cash equivalents	3,208	2,794
Debtors and other receivables	126	53
Accrued interest	-	12
Other financial assets	-	400
Total loans and receivables	**3,334**	**3,259**
Financial liabilities measured at amortised cost		
Creditors and other payables	785	900
Total financial liabilities measured at amortised cost	**785**	**900**

26. FINANCIAL INSTRUMENT RISKS

ERMA New Zealand's activities exposed it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. ERMA New Zealand had a number of policies to manage the risks associated with financial instruments to minimise exposure. These policies did not allow any transactions that were speculative in nature to be entered into.

MARKET RISK

The interest rates on ERMA New Zealand's investments are disclosed in note 9.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

ERMA New Zealand's exposure to fair value interest rate risk was limited to its bank deposits which were held at fixed rates of interest.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates exposed ERMA New Zealand to cash flow interest rate risk.

ERMA New Zealand's investment policy required a spread of investment maturity dates to limit exposure to short-term interest rate movements. At the end of the year, ERMA New Zealand had no variable interest rate investments.

Sensitivity analysis

If the average daily bank interest rate had been 50 basis points lower for the year ended 30 June 2011, with all other variables held constant, the surplus for the year would have been $16,000 lower (2010 – surplus would be $20,000 lower). This movement was attributable to the fluctuation in bank interest rates for the term deposits during the year, from 3.0% to 4.9% (2010 – 2.75% to 4.80%).

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

ERMA New Zealand had no significant exposure to foreign currency risks as all its financial instruments were denominated in New Zealand dollars.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

ERMA New Zealand had no financial instrument that was exposed to changes in market prices.

Credit risk

Credit risk is the risk that a third party would default on its obligation to ERMA New Zealand, causing ERMA New Zealand to incur a loss.

Due to the timing of its cash inflows and outflows, ERMA New Zealand invested surplus cash with Westpac Banking Corporation. ERMA New Zealand's investment policy was to invest the surplus cash with registered banks that had a Standard and Poor's credit rating of AA- or higher.

ERMA New Zealand had processes in place to review the credit quality of customers prior to the granting of credit.

ERMA New Zealand's maximum credit exposure for each class of financial instrument was represented by the total carrying amount of cash and cash equivalents (note 7), net debtors (note 8) and term deposits (note 9). There was no collateral held as security against these financial instruments, including those instruments that were overdue or impaired.

ERMA New Zealand had no significant concentrations of credit risk as it had a small number of credit customers and only invested funds with registered banks with specified Standard and Poor's credit ratings.

In meeting its liquidity requirements, ERMA New Zealand maintained a target level of investments that had to mature within specified timeframes.

Liquidity risk

Liquidity risk is the risk that ERMA New Zealand would encounter difficulty raising liquid funds to meet commitments as they fell due. Prudent liquidity risk management implied maintaining sufficient cash, the ability to convert term deposits into ready cash at short notice and the availability of funding through the Crown.

In meeting its liquidity requirements, ERMA New Zealand maintained a target level of investments that had to mature within specified timeframes.

The following table analyses ERMA New Zealand's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	LESS THAN 6 MONTHS $000	BETWEEN 6 MONTHS AND 1 YEAR $000	BETWEEN 1 YEAR AND 5 YEARS $000
2010			
Creditors and other payables (note 12)	900	-	-
2011			
Creditors and other payables (note 12)	785	-	-

ERMA New Zealand did not have any derivative financial instruments (2010 – nil).

27. CAPITAL MANAGEMENT

ERMA New Zealand's capital was its equity, which comprised accumulated funds and other reserves. Equity was represented by net assets.

ERMA New Zealand was subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

ERMA New Zealand managed its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure ERMA New Zealand effectively achieved its objectives and purpose, while remaining a going concern.

28. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

Explanations for significant variations from ERMA New Zealand's budgeted figures in the Statement of Intent are as follows.

STATEMENT OF COMPREHENSIVE INCOME

Other revenue

Overall, the decrease in revenue of $29,000 was mainly due to processing fewer hazardous substance applications.

Personnel costs

The increase in personnel costs of $67,000 was mainly due to employing additional staff due to the EPA transition project and staff taking less annual leave.

Board member fees

The decrease in board member fees of $76,000 was mainly due to fewer meeting hours.

Depreciation and amortisation expenses

A number of software development projects were postponed due to the EPA transition project and the postponement resulted in lower depreciation charges for the year by $71,000.

Other expenses

The decrease was mainly due to fewer consultant expenses, publications, and other administration expenses of $190,000. The reduction was due to a number of cost-reduction measures and fewer applications-related expenses.

STATEMENT OF FINANCIAL POSITION

Cash and cash equivalent

Less cash was used for payments to creditors for capital and operating expenditure.

Non-current assets

Non-current assets were lower than budgeted by $231,000, mainly due to the postponement of a number of software development projects.

Employee entitlements

Employee entitlements were more than budgeted by $73,000, largely due to staff taking less annual leave and there being more staff at year-end.

Creditors and other payables

Creditors and other payables were more than budgeted by $118,000, mainly due to an increase in accruals of expenses at year-end.

STATEMENT OF CHANGES IN EQUITY

Surplus/(deficit) for the year

The operating result for the year was a surplus of $236,000 in comparison to a projected balanced budget. This was largely due to the budget variances explained in the variations of the statement of comprehensive income above, as well as cost-reduction measures.

STATEMENT OF CASH FLOWS

Payments to suppliers and employees were less than budgeted by $161,000, due to lower expenditure as a result of the implementation of cost-reduction measures and more creditors, accruals and higher employee entitlements at year-end.

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READERS OF THE ENVIRONMENTAL RISK MANAGEMENT AUTHORITY'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

The Auditor-General is the auditor of the Environmental Risk Management Authority (ERMA New Zealand). The Auditor-General has appointed me, Robert Cox, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of ERMA New Zealand on her behalf.

We have audited:

- the financial statements of ERMA New Zealand on pages 37 to 66, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of ERMA New Zealand on pages 15 to 36.

OPINION

In our opinion:

- the financial statements of ERMA New Zealand on pages 37 to 66, that are prepared on a disestablishment basis:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect ERMA New Zealand's:
    - financial position as at 30 June 2011; and
    - financial performance and cash flows for the year ended on that date.
- the statement of service performance of ERMA New Zealand on pages 15 to 36:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects, for each class of outputs for the year ended 30 June 2011, ERMA New Zealand's
    - service performance compared with the forecasts in the statement of forecast service performance for the financial year; and
    - actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

EMPHASIS OF MATTER – THE FINANCIAL STATEMENTS ARE APPROPRIATELY PREPARED ON A DISESTABLISHMENT BASIS

Without modifying our opinion, we draw your attention to the accounting policy on page 41 about the financial statements being prepared on a disestablishment basis because ERMA New Zealand was disestablished and its functions transferred to the Environmental Protection Authority (EPA) on 1 July 2011. We consider the disestablishment basis of preparation of the financial statements and the related disclosures to be appropriate to ERMA New Zealand's circumstances.

Our audit was completed on 31 October 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Boards of ERMA New Zealand and EPA and our responsibilities, and we explain our independence.

BASIS OF OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to ERMA New Zealand's preparation of the financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of ERMA New Zealand's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Boards of ERMA New Zealand and EPA;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARDS OF ERMA NEW ZEALAND AND EPA

ERMA New Zealand's financial statements and statement of service performance for the year ended 30 June 2011 have been completed by the EPA Board in accordance with section 34 of the Environmental Protection Authority Act 2011. The EPA Board is responsible for completing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect ERMA New Zealand's financial position, financial performance and cash flows; and
- fairly reflect its service performance.

Up until 30 June 2011, the ERMA New Zealand Board was responsible for such internal control as it determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. From 1 July 2011, the EPA Board is responsible for such internal control as it determined necessary to enable the completion of those financial statements and statement of service performance.

The EPA and ERMA New Zealand Boards' responsibilities arise from the Crown Entities Act 2004 and the Environmental Protection Authority Act 2011.

RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and the Auditor-General being the auditor of EPA, we had no relationship with or interests in ERMA New Zealand.

Robert Cox
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE

This audit report relates to the financial statements and statement of service performance of Environmental Risk Management Authority for the year ended 30 June 2011 included on the Environmental Protection Authority's website. The Environmental Protection Authority's Board is responsible for the maintenance and integrity of the Environmental Protection Authority's website. We have not been engaged to report on the integrity of the Environmental Protection Authority's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 31 October 2011 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

4

How we operate as an organisation

MANAGING ORGANISATIONAL HEALTH AND CAPABILITY

ERMA New Zealand's internal development focus was on improving structures, policies and processes to support high performance in 2010-11 and beyond.

INTERNAL CAPABILITY

ERMA New Zealand continued to develop high levels of internal capability, so that we could deliver on our outputs as effectively and efficiently as possible. We had an ongoing policy development and maintenance programme to ensure that recruitment, training and remuneration focused on attracting and retaining skilled, flexible, efficient and knowledgeable staff.

Measure	Annual progress
The type and number of development awards given.	Two development award applications were received and approved for 2010-11. Both were for short-term (one to three months) external secondments. The development awards were intended to benefit the recipients by allowing one to gain a greater understanding of regulatory experience within an industrial environment, and the other a greater understanding of the GM risk management educational landscape.
Individual training needs assessed annually and programmes developed.	Individual training needs were assessed and identified through the 2010-11 staff development plans. Project management, planning and writing skills were identified as key areas for development. External training courses with a focus on these areas were indentified and attended by staff.
Staff development plans are in place and monitored regularly.	In line with ERMA New Zealand's Performance Management policy each staff member prepared an annual performance plan, which included development, with their manager. Managers reviewed these plans with their individual staff on a regular basis.
External salary comparisons are conducted regularly and adjustments made as required.	A review of the organisation's salary bands against Mercer's remuneration survey information was completed in May 2011.
Leadership training initiatives are put in place.	ERMA New Zealand's coaching programme was again run for the 2010-11 year and attended by all new managers and those identified with leadership potential at Senior Advisor level. All managers were 'nominated' members of the Leadership Development Centre (LDC) and participated in the LDC's programmes and workshops.
Recruitment activity, trend and time to fill vacancies are monitored and reported.	The Strategic Management Team (SMT) received a human resource activities report on a fortnightly basis. This report included all recruitment activity details.
Responses to exit and entry surveys are monitored and any recommendations for improvement are implemented.	Exit and new starter surveys were assessed on a regular basis. Key concerns were brought to the SMT's attention and efforts to resolve these concerns were put in place.

Our office environment is safe and our office equipment is well maintained.

Measure	Annual progress
A modest maintenance programme is carried out.	Six-monthly safety inspections were carried out, and building services monitored regularly. Service level agreements were in place wherever necessary to ensure office equipment was well maintained.
Zero tolerance of harassment, bullying and discrimination.	ERMA New Zealand's employment relations policy made it clear that harassment, intimidation or discrimination would not be condoned or tolerated.
Each new employee has an ergonomically suitable workspace.	Work station assessments were carried out for every new employee, and any existing employees were reassessed as required.

GOOD EMPLOYER OBLIGATIONS

ERMA New Zealand was committed to providing equal opportunity to all employees, with respect to compensation, promotions, transfers and all other terms and conditions of employment.

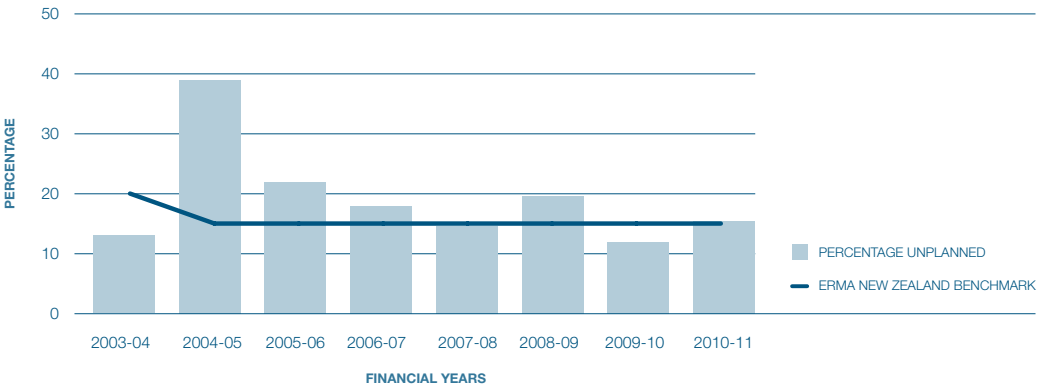
Measure	Annual progress
EEO principles are included in all relevant documents and practices.	ERMA New Zealand's ongoing development programme ensured EEO principles were included in all of its relevant documents and practices.
ERMA New Zealand results as reported in the Human Rights Commission report.	ERMA New Zealand continued to provide information to the Human Rights Commission for its annual report.

FINANCIAL AND NON-FINANCIAL PERFORMANCE MEASURES

	UNIT	FORECAST 2010-11	ACTUAL 2010-11
Working capital			
Net current assets	$000	1,363	2,011
Current ratio	%	214	245
Resource utilisation			
Fixed assets as % of total assets	%	38	29
Additions as % of fixed assets	%	45	30
Fixed assets per FTE	$000	18	16
Accommodation cost per FTE	$000	8	7
Human resources			
Staff turnover	%	22	15.48
Average length of service	Years	2	4.69
Total FTEs	No.	90[17]	90.03[18]
Professional development as % of personnel expenses	%	4[19]	2.09[20]
Average annual leave liability as % of annual entitlement	%	50	66.06

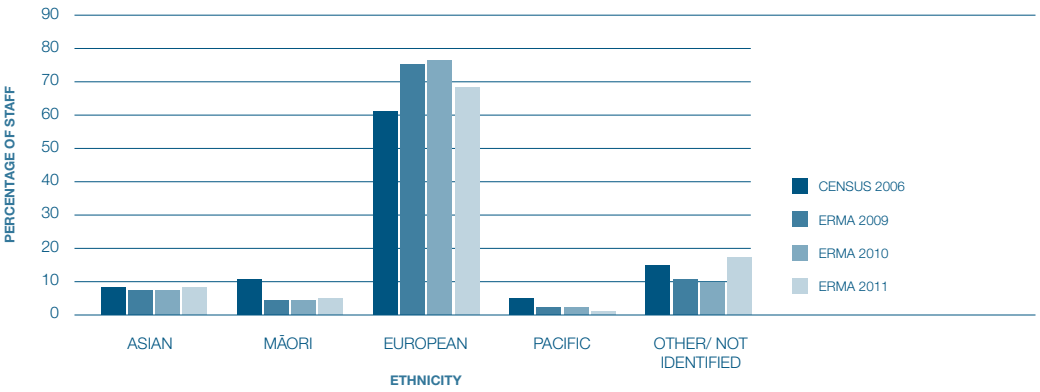
[17-20] Includes fixed term employees.

FIGURE 1
ERMA NEW ZEALAND UNPLANNED STAFF TURNOVER



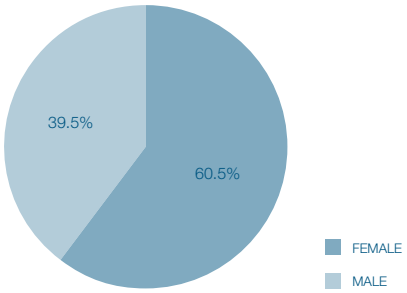
As in the previous year, the data from staff exit surveys indicated that for the majority of leavers the primary reason for resigning was to pursue further career opportunities. This was expected given the small size of ERMA New Zealand and therefore its limited scope for career development. As the EPA grows, however, there will be more opportunity for career development within that organisation.

FIGURE 2
ERMA NEW ZEALAND ETHNIC COMPOSITION AS AT 30 JUNE 2011



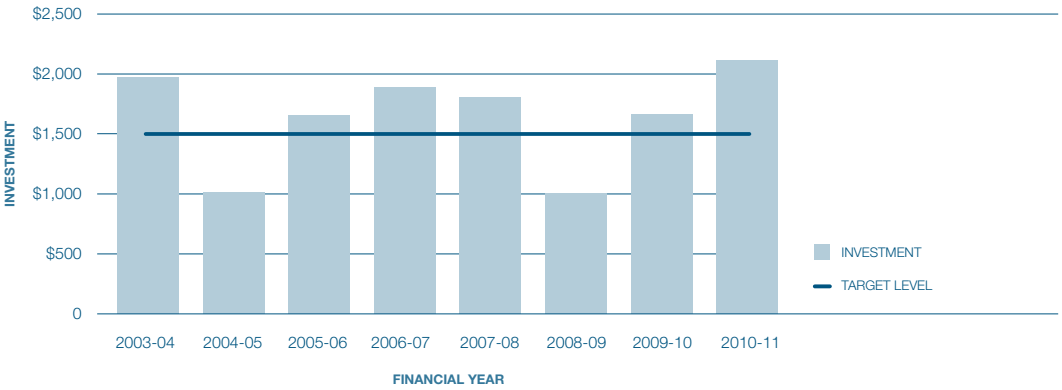
There were a greater number of 'other/not identified' responses in 2010-11. This may be due to the way in which information was collapsed into the historic categories so that meaningful comparison could be made.

FIGURE 3
ERMA NEW ZEALAND GENDER COMPOSITION, AS AT 30 JUNE 2011



The gender composition remained almost unchanged from 2009-10, with a consistently greater number of female employees.

FIGURE 4
ERMA NEW ZEALAND INVESTMENT (PER PERSON) IN PROFESSIONAL DEVELOPMENT



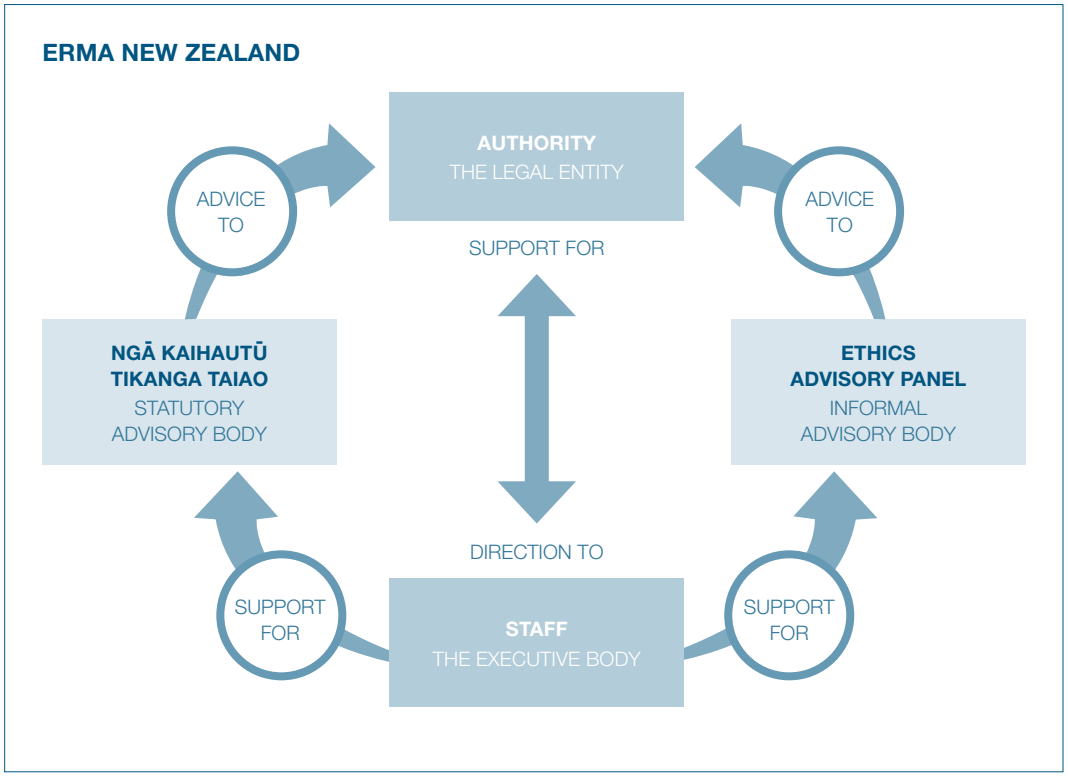
There was an increase in investment per person in professional development during the 2010-11 period.

APPENDIX 1

How we are organised

ERMA New Zealand comprised three formal elements: the Authority, Ngā Kaihautū Tikanga Taiao and the Agency. It was also supported by an Ethics Advisory Panel. Relationships between these elements are shown in the following diagram.

FIGURE 5
STRUCTURE OF ERMA NEW ZEALAND



AUTHORITY

The Authority had eight members who were appointed by the Minister for the Environment (the Minister) under the HSNO Act. They were responsible for exercising the statutory functions set out in the legislation.

MEMBERS OF THE AUTHORITY

Richard Woods, Chair *CNZM, MA*
Max Suckling, Deputy Chair *BSc (Hons), Dip Biotechnology, PhD, FRSNZ*
Manuka Henare *BA, BA (Hons), PhD*
Helen Atkins *LLB*
Kieran Elborough *BSc (Hons), D Phil*
Val Orchard *BSc (Hons), PhD*
Deborah Read *MB ChB, DComH, FAFPHM (RACP)*
Shaun Ogilvie *BSc, MSc (Hons), PhD*

The members also comprised the governing body of ERMA New Zealand with responsibility for, among other things, setting the strategic direction for the organisation and monitoring its performance. The Authority continued to meet its governance obligations, consistent with the Authority Charter adopted in February 2004. It met eight times during the year, including regular and special meetings, principally to carry out governance functions and to deal with major issues.

The Authority operated the following committee structure as the basis for fulfilling its governance role:

- the **Performance and Remuneration Committee,** which met four times during the year to approve salaries for senior members of the Agency and to review the performance of the Chief Executive;
- the **Audit and Risk Committee,** which met four times during the year to oversee the operation of accountability processes (business planning, budgeting and reporting) and general financial and organisational risk management matters;
- the **Decision-making Committees**[21] made 83 decisions on applications for hazardous substances and 13 decisions for new organisms during the year; and
- **Standing Committees,** each of which met on a regular basis during the year to oversee policy development and work programmes in the areas of:
  - **new organisms** (five meetings); and
  - **hazardous substances** (five meetings).

These committees had a range of powers delegated to them by the Authority.

NGĀ KAIHAUTŪ TIKANGA TAIAO

Ngā Kaihautū Tikanga Taiao (Ngā Kaihautū) had four to eight members who were appointed by the Authority under Part 4A of the HSNO Act. They were responsible for advising the Authority on Māori interests and concerns. Ngā Kaihautū's focus was to help the Authority fully incorporate Māori interests and concerns in its decision-making.

MEMBERS OF NGĀ KAIHAUTŪ TIKANGA TAIAO

Glenice Paine, *Tumuaki (Chair) Te Atiawa, Ngāi Tahu*
Te Kei Merito, *Tumuaki Tuarua (Deputy Chair) Te Arawa and Tainui*
Darcia Solomon, *Ngāi Tahu, Rangitane, Ngāti Kuia, Ngāti Apa, Ngāti Toa, Ngāti Raukawa, Te Atiawa*
Matire Harwood, *Ngā Puhi*
Bella Tuau, *Ngāti Porourangi, Ngāti Pou, Ngāti Korokikahukura, Ngāti Karewa Hikairo*
James Ataria, *Rongomaiwahine, Ngāti Kahungunu, Ngāti Tuwharetoa*
Dr Nicholas (Nick) Roskruge, *Atiawa ki Taranaki, Ngāti Tama*
Janis (Wiki) Walker, *Ngāti Hine*

[21] Note that this does not include decisions made by the Chief Executive or ISBCs under delegated authority.

ETHICS ADVISORY PANEL

The Ethics Advisory Panel was a three-member body the Authority established in April 2004 to help consider ethical and spiritual matters during the Authority's decision-making.

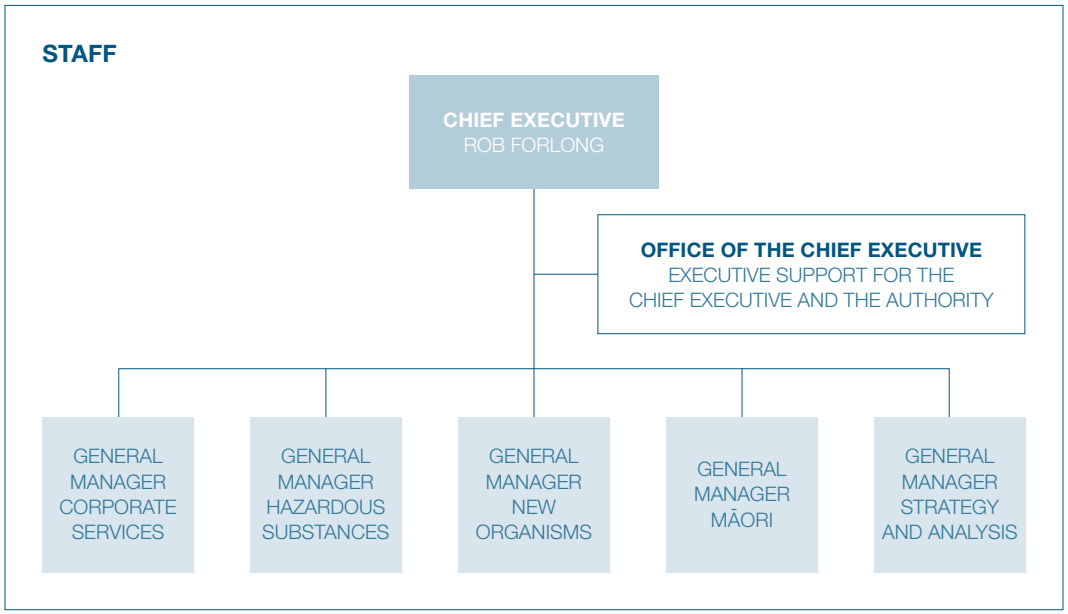
MEMBERS OF THE ETHICS ADVISORY PANEL

Denise Church QSO (Convener)
Professor Sylvia Rumball CNZM
Associate Professor Nicholas Agar

AGENCY

The Agency was the organisation established to carry out operations in support of the Authority under the leadership of the Chief Executive, a position that had specific statutory powers and functions.

FIGURE 6
STRUCTURE OF THE AGENCY



The staff of ERMA New Zealand were organised into five working units: Hazardous Substances; New Organisms; Kaupapa Kura Taiao (the Māori Unit); Strategy and Analysis; and Corporate Services. These units reported to a General Manager. The General Managers reported to the Chief Executive.

An executive assistant supported the Chief Executive and the Authority.

APPENDIX 2

New organism decisions made by Institutional Biological Safety Committees (IBSCs) under delegated authority during 2010-11

IBSCs in academic and research institutions and within industry are authorised to undertake decision-making functions for applications relating to low-risk GM organisms in containment.

TABLE 10
NEW ORGANISM DECISIONS MADE BY IBSCS UNDER DELEGATED AUTHORITY FOR 2010-11

IBSC APPLICATION TYPE	DECISIONS MADE	INCLUDING BIOLOGICAL MATERIAL DERIVED FROM NATIVE FLORA/ FAUNA	INCLUDING BIOLOGICAL MATERIAL DERIVED FROM MĀORI DNA
Lincoln University			
GMO development in containment – rapid assessment	1	1	0
GMO import into containment – rapid assessment	0	0	0
Minor or technical amendments	15	0	0
Sub total	**16**	**1**	**0**
Massey University			
GMO development in containment – rapid assessment	4	0	0
GMO import into containment – rapid assessment	1	0	0
Minor or technical amendments	3	0	0
Sub total	**8**	**0**	**0**
University of Auckland			
GMO development in containment – rapid assessment	10	0	0
GMO import into containment – rapid assessment	2	0	0
Minor or technical amendments	13	0	0
Sub total	**25**	**0**	**0**
University of Otago			
GMO development in containment – rapid assessment	9	1	0
GMO import into containment – rapid assessment	4	0	0
Minor or technical amendments	4	0	0
Sub total	**17**	**1**	**0**
TOTAL	**66**	**2**	**0**

APPENDIX 3

Incidents and inquiries during 2010-11

Incidents involving new organisms and hazardous substances are defined as events that may cause adverse effects to human health and safety or the environment, and include instances of non-compliance. The data on incidents comes from enforcement agencies, the New Zealand Fire Service, or is identified through media monitoring.

New organism and hazardous substance incidents are monitored to:

a) determine the adequacy of the controls placed on approved organisms and substances; and

b) assess that the HSNO Act is effective in preventing harm to human health and the environment.

INCIDENT LEVELS

Incidents are categorised based on the severity of the effect that occurs, taking into account the nature and particular circumstances of the incident. There are five levels of incidents, from Level 1 (minimal) to Level 5 (massive).

A Level 1 incident is one that results in little discernable effect on people or the environment, minor effect on property or some social disruption. The HSNO controls on the organisms or substances involved are considered to be adequate. A Level 5 incident is one that results in major damage to property, communities and the ecosystem, including species loss, multiple deaths and significant economic effects. Substantial system and/or HSNO control failure is likely.

NEW ORGANISM INCIDENTS AND INQUIRIES DURING 2010-11

There were 24 incidents involving new organisms, including GMOs, recorded in 2010-11 compared with 21 for the previous financial year and 28 in 2008-09.

Two of the incidents were categorised as Level 1, the remaining 22 as Level 2. A summary of these incidents is included in table 11. No incidents occurred at Levels 3, 4 or 5.

Twenty-one incidents occurred in containment facilities. Sixteen incidents involved zoos and four incidents involved facilities holding GMOs. Ten incidents resulted in the release from containment of a new organism, all involving zoo animals. All animals were successfully recaptured.

Four incidents involving zoo animals resulted in adverse effects on people; those involved received minor injuries. No adverse effects on the environment resulted from the containment facility incidents.

Three incidents that occurred outside of containment were due to the unapproved importation of new organisms or possession of new organisms and did not involve GMOs. MAF investigations into the three incidents are continuing. None of the incidents resulted in adverse effects to the environment or the health and safety of people.

There were no inquiries undertaken during the 2010-11 year.

TABLE 11
SUMMARY OF INCIDENTS RELATED TO NEW ORGANISMS DURING THE 2010-11 REPORTING YEAR

INCIDENT	EFFECTS ON ENVIRONMENT AND/OR HEALTH AND SAFETY	INCIDENT MANAGEMENT
An exotic butterfly was recaptured outside of a tropical exhibit in June 2011. It is thought that it hitchhiked out on a visitor.	None identified.	MAF required the zoo to propose measures to prevent a recurrence.
A microorganism facility transferred a low-risk genetically modified cell line out of containment without MAF approval in May 2011.	None identified.	The facility undertook staff refresher training and obtained MAF approval to move the cell line.
A herbarium was found to be moving herbarium specimens out of containment without MAF approval in May 2011.	None identified.	The facility undertook staff refresher training and obtained MAF approval to move the specimens.
A cheetah escaped from its enclosure at a zoo in April. Staff had failed to secure the enclosure double doors.	None identified	The cheetah was sedated and recaptured.
An exotic butterfly was recaptured outside of a tropical exhibit in March 2011. It is thought that it hitchhiked out on a visitor.	None identified.	The zoo reviewed visitor 'check' procedures.
A number of wasps were found in a GM plant house containing strawberries in March. They had gained entry to the facility by a small hole behind a service pipe. The wasps were dead as the room is regularly sprayed with insecticide.	None identified.	The hole was immediately sealed.
Low-risk GM E. coli strains were discovered stored outside of containment by staff at a microorganism facility in February 2011.	None identified.	The organisms were destroyed.
A MAF inspection of an invertebrate facility in February 2011 identified a number of holes in the walls and pipes leading to the ceiling space. The facility houses GM fruit flies which are contained in small receptacles.	None identified.	The structural faults were repaired immediately.

INCIDENT	EFFECTS ON ENVIRONMENT AND/OR HEALTH AND SAFETY	INCIDENT MANAGEMENT
In January 2011 a zoo failed to rectify ongoing deficiencies in their facility containment manual in order to be compliant with the zoo standard.	None identified.	The containment manual was updated.
A cotton-top tamarin escaped from its zoo enclosure in December 2010. This followed the reintroduction of animals to the group.	None identified.	The tamarin was recaptured. More vegetation in the enclosure was pruned back and the zoo looked at procedures for reintroducing animals to each other.
A red panda escaped from its zoo enclosure in December 2010.	None identified.	The panda was recaptured and vegetation in the enclosure was pruned back.
A cotton-top tamarin escaped from its zoo enclosure in November 2010.	None identified.	The tamarin was quickly recaptured. No means of escape was determined but vegetation in the enclosure was pruned back.
Three ruffed lemurs were being introduced to a new zoo enclosure in November 2010. Two young animals panicked, disabling electric fencing and escaping the exhibit. A keeper was bitten on both hands after she grabbed the tail of the third animal, which had started climbing the inactive fence, preventing escape.	Minor effects on human health.	Structural improvements were made to the enclosure and procedures reviewed for introducing animals to new enclosures. The keeper received two stitches and a course of antibiotics.
A spider monkey escaped from its zoo enclosure in October 2010. A pump had failed resulting in the containment moat water level falling, allowing the monkey to skip across rocks.	None identified.	The monkey was recaptured the next day. The zoo has looked at back-up systems to prevent a recurrence.
A baby capuchin monkey escaped from its zoo enclosure in October 2010 when a keeper failed to close a night pen gate securely.	None identified.	The monkey was recaptured the same day. Structural improvements were made to the enclosure.

INCIDENT	EFFECTS ON ENVIRONMENT AND/OR HEALTH AND SAFETY	INCIDENT MANAGEMENT
A zoo volunteer was bitten on the hand by a siamang gibbon, through the den mesh, at a zoo in August 2010.	Minor effects on human health.	The volunteer received a course of antibiotics as a precautionary measure.
A male spider monkey escaped from the monkey island at a zoo in August 2010. The monkey may have been pushed off the island by the other primates as he was ill.	None identified.	The monkey was quickly recaptured. No means of escape was determined.
A zoo keeper was feeding spider monkeys at a zoo in August 2010 when one monkey climbed his arm and bit his wrist.	Minor effects on human health.	The keeper received a course of antibiotics as a precautionary measure.
A zoo keeper was giving a female dingo an injection in August 2010 when the dog caught the keeper's arm with a tooth.	Minor effects on human health.	The keeper received a course of antibiotics as a precautionary measure.
A MAF inspection of a zoo in August 2010 identified that the perimeter fence did not fully enclose the zoo.	None identified.	The missing part of the perimeter fence was constructed.
An otter bit a keeper's leg at a zoo in August 2010. The otter was being netted so that the keeper could inoculate her.	Minor effects on human health.	The keeper received a course of antibiotics as a precautionary measure.
Three investigations by MAF Enforcement into the unapproved importation of new organisms and/or possession of new organisms.	None identified	Potential prosecution pending.

HAZARDOUS SUBSTANCE INCIDENTS AND INQUIRIES DURING 2010-11

There were 1,416 incidents involving hazardous substances reported to ERMA New Zealand during the year, of which more than 98% were Level 1 incidents. This was a slight increase on the 1,296 incidents reported in 2009-10.

The most common types and locations of incidents and the hazardous substances most commonly associated with these incidents are shown below. In summary:

- most incidents occurred in workplaces or public places;
- the majority of incidents resulted from spills or leakage; and
- the most common substances associated with the incidents were petrol, diesel, hydrocarbon gases (including LPG) and fireworks.

These findings are generally consistent with those from incident monitoring undertaken in previous years, although the number of firework incidents in 2010-11 was more than double the number of incidents reported for 2009-10. It is possible that 2009-10 data was under-reported due to industrial action (relating to administrative tasks) in the New Zealand Fire Service between July and December 2009.

Categorisation of the 1,416 incidents is shown in figure 7.

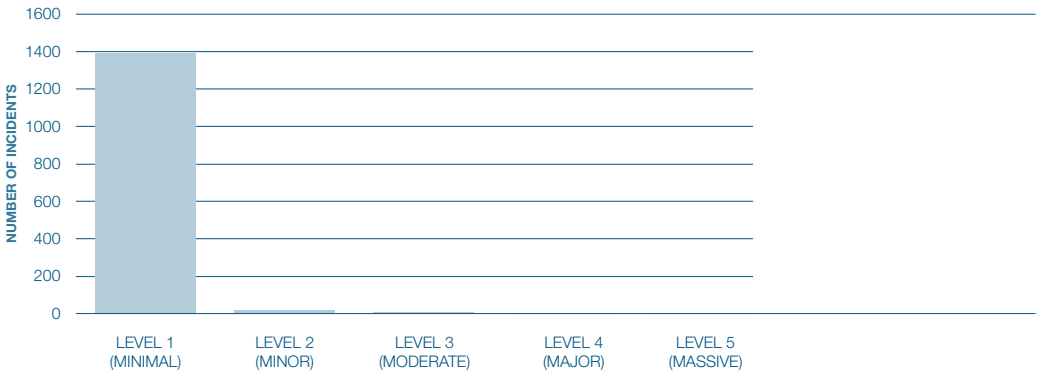
Further information is presented in tables 12, 13 and 14.

Reported incidents involving hazardous substances tend to range from small spills or leaks to acute events or exposures. While chronic effects of long-term exposures do occur, the current incident reporting mechanism does not adequately capture these.

A summary of Level 2 and Level 3 incidents is included in table 15. No incidents occurred at Level 4 or Level 5.

More detailed information on the incidents reported can be found on our webpage http://www.epa.govt.nz/about-us/monitoring/Pages/Hazardous-substances-incidents.aspx

FIGURE 7
CATEGORISATION OF HAZARDOUS SUBSTANCE INCIDENTS IN 2010-11



TABLES 12 AND 13
LOCATION AND TYPE OF HAZARDOUS SUBSTANCE INCIDENTS

LOCATION	NUMBER OF INCIDENTS	PERCENTAGE OF TOTAL[22]
Workplace	519	26 (26)
Public place	887	44 (41)
Motor vehicle	296	15 (19)
Private dwelling	272	13 (14)
Train	10	0 (0)
Ship	4	0 (0)
Aircraft	1	0 (0)
Other	17	0 (0)
TOTAL	**2,006[23]**	

TYPE	NUMBER OF INCIDENTS	PERCENTAGE OF TOTAL
Spill/leakage	764	54 (65)
Explosion	15	1 (2)
Fire	510	36 (23)
Spray drift	9	1 (1)
Clandestine drugs laboratory	5	0 (0)
Other	113	8 (10)
TOTAL	**1,416**	

[22] Number in parenthesis is the percentage reported in 2009-10.

[23] Incidents may be classified as occurring in more than one location. The location total (2,006 incidents) therefore exceeds the number of reported incidents (1,416).

TABLE 14
COMMON SUBSTANCES ASSOCIATED WITH INCIDENTS

SUBSTANCE	NO OF INCIDENTS[24]	NUMBER OF INCIDENTS WITH REPORTED: EFFECTS ON PEOPLE	ENVIRONMENTAL EFFECTS
Petrol	375 (310)	3	176
Diesel	129 (136)	0	69
Hydrocarbons, not otherwise specified	36 (42)	3	16
Liquefied petroleum gas (LPG)	143 (60)	10	38
Other hydrocarbon gases	226 (320)	1	113
Fireworks	340 (133)	3	4
Acids	11 (39)	0	2
Chlorine	31 (43)	1	15
Ammonia	19 (31)	1	11
Agrichemicals	9 (15)	5	4
Vertebrate toxic agents	5 (8)	0	3
TOTAL	**1,324 (1,137)**	**27**	**451**

Note: This table is a summary of the hazardous substances commonly associated with incidents reported to ERMA New Zealand in 2010-11. The total number of incidents associated with these substances (1,324 incidents) will be less than the overall total number of reported incidents in 2010-11 (1,416 incidents). The remaining 92 incidents involved other substances not listed in this table.

[24] Number in parenthesis is the number reported in 2009-10.

TABLE 15
SUMMARY OF INCIDENTS RELATED TO HAZARDOUS SUBSTANCES DURING THE 2010-11 REPORTING YEAR

LOCATION	SUBSTANCE(S) INVOLVED	DATE OCCURRED	SUMMARY OF INCIDENT	CAUSE OF INCIDENT
Level 2 (minor)				
Workplace, Christchurch	LPG	8 July 2010	An industrial LPG heater was being used to raise the temperature of bitumen in a shipping container. When the door was opened, a fireball engulfed a worker and burned his head, face and hands.	A combination of operator error and the use of inappropriate equipment.
Workplace, Tasman	Hydraulic oil, petrol	10 August 2010	A worker dismantling and gas cutting the boom of a cherry picker received third degree burns up his leg from a fire involving a hydraulic oil tank and petrol.	Tanks which had contained flammable liquids were in the vicinity of the gas cutting. The worker's personal protective equipment (overalls) was not fire retardant.
Private dwelling, Porirua	Petrol, LPG, oxygen and acetylene	1 September 2010	A bach was destroyed in a fire involving LPG cylinders and a gas welding and cutting set.	The occupant was filling a generator with fuel and struck a lighter when his torch failed.
Private dwelling, Tauranga	Fireworks	4 September 2010	A teenager was injured while constructing a small explosive by grouping fireworks together. An unintentional spark ignited the fireworks.	Misuse of fireworks.
Workplace, Hawke's Bay	2,4-D	30 September 2010	Spray drift damaged 6 ha of grape vines.	Spray drift. An investigation was unable to conclusively determine the source of the 2,4-D.

LOCATION	SUBSTANCE(S) INVOLVED	DATE OCCURRED	SUMMARY OF INCIDENT	CAUSE OF INCIDENT
Level 2 (minor)				
Workplace, Ashburton	Chlorine	9 December 2010	An employee removed a bolt to access a secure cylinder storage area. While attempting a cylinder changeover he was exposed to chlorine gas and was taken to hospital for observation.	The employee bypassed security procedures. The follow up for this incident was disrupted by the Christchurch earthquake.
Public place, Lake Arapuni	LPG	20 January 2011	A portable camping cooker exploded while being used. A couple received burn injuries and were taken to hospital for treatment.	The cylinder overheated, due to incorrect use of the cooker.[25]
Boat, Army Bay	LPG	27 January 2011	A portable camping cooker exploded while being used. A couple and their child received burn injuries.	The cylinder overheated, due to incorrect use of the cooker.
Workplace, Hagley Park	Unknown	12 February 2011	A toxic discharge from a drain killed hundreds of fish.	The source of the discharge could not be established.
Workplace, New Plymouth	Fertiliser	12 February 2011	A toxic discharge killed hundreds of fish in a river. The discharge was thought to have originated from a clean fill site.	Under investigation by the Taranaki Regional Council.
Workplace, Taupo	Pirimiphos methyl	18 February 2011	Workers laying a pipeline across farmland were sprayed during an aerial application of pirimiphos methyl. Fifteen workers sought medical attention after the incident, but none were diagnosed as having symptoms of organophosphate poisoning.	A lack of communication between the person applying the substance and workers on the ground.

[25] In July 2011, the Ministry of Economic Development (Energy Safety) issued a safety advisory regarding the use of portable LPG gas cookers: http://www.med.govt.nz/templates/MultipageDocumentPage____46112.aspx#A1

LOCATION	SUBSTANCE(S) INVOLVED	DATE OCCURRED	SUMMARY OF INCIDENT	CAUSE OF INCIDENT
Level 2 (minor)				
Motor vehicle, Anongate	Petrol	1 March 2011	A petrol tanker accident resulted in a spill of petrol and closure of State Highway 2 for 12 hours.	Motor vehicle accident resulting in the rupture of bulk tanks.
Workplace, Wellington	Methyl bromide	31March 2011	A container exploded on the Wellington waterfront during fumigation. An investigation found that it was unlikely the explosion was caused by the methyl bromide igniting.	The cause of the explosion could not be conclusively identified.
Workplace, Auckland	Unknown	14 April 2011	Initial report suggested that chloropicrin had leaked from a strawberry fumigation and drifted to neighbouring houses and commercial accommodation. Two motels and several residences were evacuated, with 40 people treated for symptoms of exposure. An investigation found that it was unlikely to have been caused by drift from the fumigation operation.	The source of the exposure and the chemicals involved could not be conclusively identified.
Workplace, Wairarapa	Explosive	27 April 2011	A teenager picked up a device on a farm which exploded and resulted in the loss of parts of two fingers.	Under investigation by the Department of Labour.
Private dwelling, Kaiwaka	Butane	28 April 2011	Two men using butane during the manufacture of cannabis oil received serious burns when one of them lit a cigarette, igniting the butane.	Misuse of butane. The introduction of an ignition source to a hazardous atmosphere zone ignited the butane.

LOCATION	SUBSTANCE(S) INVOLVED	DATE OCCURRED	SUMMARY OF INCIDENT	CAUSE OF INCIDENT
Level 3 (moderate)				
Private dwelling, Napier	Petrol	20 August 2010	A person testing a car fuel pump in a container of petrol sustained life-threatening injuries when a spark set fire to the fuel.	Introduction of an ignition source to a hazardous atmosphere.
Private dwelling, Central Otago	Petrol	24 August 2010	The occupant of a house received burns from a fire involving petrol.	Misuse of petrol.
Motor vehicle, public place	LPG	5 September 2010	The occupant of a campervan had been trying to light a camping cooker when the cooker exploded. The occupant was flown to a specialist burns unit in a serious condition.	A lack of ventilation in a confined space and an igniter that did not operate readily. Inadequate odourisation of the gas may also have been a contributory factor.
Private dwelling, Waitakere	LPG	30 October 2010	Teenagers were playing with LPG when one lit a cigarette and ignited the LPG. At least two of the teenagers received serious burns.	Misuse of LPG.
Motor vehicle, Te Puna	Waste oil	10 May 2011	A tanker crashed and two compartments ruptured, spilling 23,000 litres of waste oil. Some of the oil soaked into the ground and some entered a roadside waterway.	Motor vehicle accident resulting in the rupture of bulk tanks.
Private dwelling, Hokitika	LPG	12 June 2011	A man suffered burns to 30% of his body after an LPG explosion while he was using a cooker. The explosion left the man with serious burns to his arms, legs and abdomen.	An investigation found that the cooker was in poor condition, contributing to the explosion. A separate investigation found that the LPG was also in poor condition and the cylinder should not have been filled.

LOCATION	SUBSTANCE(S) INVOLVED	DATE OCCURRED	SUMMARY OF INCIDENT	CAUSE OF INCIDENT
Level 3 (moderate)				
Private dwelling and workplace, Edgecombe	Diazinon	14 June 2011	A worker and a neighbour were admitted to hospital and treated for exposure to diazinon after a spray drift incident.	The Public Health Unit and Regional Council were investigating.
Motor vehicle, Awakino Gorge	Waste oil	21 June 2011	A tanker crashed, spilling 24,000 litres of waste oil. Some of the oil soaked into the ground but about 20,000 litres is thought to have entered the Awakino river.	Motor vehicle accident resulting in the rupture of bulk tanks.

Glossary

TERMINOLOGY THAT DESCRIBES THE VARIOUS PARTS OF ERMA NEW ZEALAND

ERMA New Zealand – the combined entity, comprising three formal elements: the Authority (which was supported by an Ethics Advisory Panel), Ngā Kaihautū Tikanga Taiao and the Agency.

Authority – the appointed members who were responsible for exercising statutory functions and acting as the governing body of ERMA New Zealand.

Ngā Kaihautū Tikanga Taiao (Ngā Kaihautū) – the Authority's Statutory Māori Advisory Committee.

Agency – the organisation that provided executive support to the Authority.

Ethics Advisory Panel – a body the Authority established to assist its consideration of ethical and spiritual matters when decision-making.

EPA – the Environmental Protection Authority is the government agency responsible for regulatory functions concerning New Zealand's environmental management.

OTHER TERMS AND ABBREVIATIONS USED IN THIS DOCUMENT

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

DBSRG – Dung Beetle Strategy Release Group.

DoL – Department of Labour.

ESR – Environmental Science and Research.

FTE – fixed term employees.

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

Group standards – groups of hazardous substances that have a similar nature, are of a similar type or have similar circumstances of use, for which the risks are effectively managed by one set of conditions.

Hazardous substance – a substance that is explosive, flammable, an oxidiser, toxic, corrosive or ecotoxic, according to thresholds set out in various HSNO Act Regulations (for a full definition, see section 2 of the HSNO Act).

HSNO Act – Hazardous Substances and New Organisms Act 1996.

IBSC – Institutional Biological Safety Committees – these act under delegation from the Authority.

LPG – liquefied petroleum gas.

MAF – Ministry of Agriculture and Forestry.

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

Minister – Minister for the Environment.

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