

Environmental Protection Authority

**Quarterly Performance
Report to the Ministers**

**From 1 July to
30 September 2019**

Introduction

1. This report for the period 1 July to 30 September 2019 covers:
 - Delivering on the Letter of Expectations
 - Delivering on the EPA Strategy
 - General update
 - Financial overview.

Delivering on the Letter of Expectations

High-level Priorities

Maintaining Fiscal Responsibility

2. The EPA's financial sustainability is closely monitored, with regular internal reporting to management and the Board. This includes forecasting of the EPA's cash flow position into future years. The first of our two annual financial reforecasts is currently in progress.

Managing the Programme of Work

3. The Project Management Office (PMO) continues to progress initiatives to address recommendations from the KPMG Project Management audit. Active projects are the Knowledge programme and the HS Modernisation and Mātauranga Māori programmes.
4. The post-implementation review (PIR) report for the Industrial Allocations Processing System (IAPS) transfer to the New Zealand Emissions Trading Register (NZETR) is being reviewed by the PMO and the Business Owner before being finalised for distribution. Planning for the PIR for the HR System (Te Rito) project has been deferred to October 2019 to allow more time for final deliverables to be implemented.

Increasing focus on Compliance, Monitoring and Enforcement (CME)

5. The Compliance Shift project has commenced concept and scoping. Initial tasks include to assess development of a common CME investigation process and a review of the Warranting system for compliance officers, with a goal of developing a common framework for all warranted officers and streamlining the process.
6. The Compliance Shift programme is currently focused on the following areas:
 - regulatory approach and policy
 - enforcement officer warranting programme
 - management information needs.
7. A review of our current compliance policy and framework has been undertaken and will be presented to the Board in December 2019.

HS Compliance

8. We completed our value stores project to monitor cosmetic products including product suppliers.
9. A review of the vertebrate toxic agent (VTA) system will consider the findings from audits of the Department of Conservation (DoC) and Ministry of Health (MoH) delegations to issue permission for the use of VTAs. Permissions are issued using powers delegated to DoC from the EPA under the Hazardous Substance New Organisms Act (HSNO Act). The draft report for our audit of Waikato Public Health Unit into their management of the VTA permission system is due to be released to the unit for consultation. The reports for Toi Te Ora Public Health and Mid Central District Health Board are being drafted. We have contracted KPMG to undertake an audit of the DoC VTA system.
10. We have been working with relevant local councils, MfE, WorkSafe and Fire and Emergency New Zealand (FENZ) to respond to the Ruakaka solvent site situation.
11. A letter was sent to importers of cosmetic products to remind them of their obligations.
12. The first draft of the 2018 Annual Report on 1080 Aerial Operations has been internally reviewed and will be sent to the external parties who reported to us for their review.
13. A number of notifications of containment approval trials taking place this growing season have not met the control requirements. We are gathering and assessing information and enforcement options. We wrote to all containment approval holders reminding them of their obligations.

Land and Ocean Compliance (LOC)

14. A workshop took place on 2 July 2019 for oil and gas industry duty-holders and other regulatory agencies to introduce changes to the EPA compliance approach in the Exclusive Economic Zone (EEZ). The workshop included education on operational practice and discussion on key issues facing the sector. The workshop was well received and positive feedback was provided by the operators and other regulators. Attendees thought there was value in repeating this at least annually.
15. The LOC team certified a proposal for a Burial at Sea that took place on 9 July 2019.
16. The LOC team approved three sampling methodology reports, four sampling results reports and one disposal site monitoring and management plan relating to five dredge source sites for Coastal Resources Limited (CRL).
17. LOC closed six investigations into potential non-compliance and issued two advice letters.
18. An inspection report was issued on 16 August 2019 to OMV Taranaki Limited following Inspection of Maui A and on 24 September 2019 following inspection of the China Oilfield Services Limited (COSL) Prospector drill rig.

19. LOC reviewed one quarterly discharge report.
20. Seven permitted activity requests were assessed in the period. Two from Rocket Lab for space launches that took place on 20 August 2019 and 17 October 2019; the others related to Marine Scientific Research. These included pre-activity notifications to undertake water column sampling and measurements, and to establishing a tsunami monitoring and detection network to the north and east of New Zealand using Deep-ocean Assessment and Reporting of Tsunami (DART) Buoys.

Emissions Trading Scheme (ETS) Compliance

21. The EPA completed its annual ETS information exercise in July 2019 and the results were published on 8 August 2019. The package of reports included information such as the number of participants, reported greenhouse gas emissions and removals, and annual comparisons. The reports were prepared with data and input from Ministry for Environment (MfE), Ministry for Primary Industries (MPI), Customs, and New Zealand Transport Agency (NZTA).
22. The ETS Compliance Team has prepared for its first participant inspections. We expect to complete four inspections of ETS participants by 5 December 2019. The team will work with the third-party auditors to prepare the inspection reports, identifying any necessary follow-up action for the EPA to complete (such as amendments and – if appropriate – enforcement action), and opportunities for improvement for the participants. We received three participant desktop review questionnaires over this same time period.

Working with New Zealanders, iwi/Māori

Te Herenga

23. On 11 and 12 July 2019, Kaupapa Kura Taio (KKT), Land & Ocean Applications, and New Organisms staff travelled to Dunedin to attend a Te Herenga regional hui organised in partnership with Te Rūnanga o Ngāi Tahu and Te Rūnanga o Ōtākou. Approximately 25 people from the Christchurch region actively engaged with us over the two days. The topics covered were:
 - an overview of the EPA's functions, including our Safer Homes programme
 - the role of the Ngāi Tahu HSNO Komiti and discussion about local issues, including a research project studying Auckland Island pigs isolated for 200 years and its potential for xenotransplantation of kidneys for humans
 - biotechnology and gene editing and the EPA's role within the context of the HSNO Act
 - the EPA's role within the EEZ
 - mātauranga and decision making within the EPA.

Mātauranga Programme

24. On 23 July 2019, KKT facilitated a mock EEZ hearing with the Board. The Board advised that the framework was excellent and the mock hearing process valuable.

25. On 5 September 2019 the EPA Board approved the Mātauranga programme business case for phase three (weaving: initiate transition), as well as the public release of the framework, its companion guide, and Partnership in action: the EPA's mātauranga framework.
26. The HSNO Committee participated in a mock new organism hearing on 27 September 2019. The framework and companion guide were well received by the HSNO Committee, who also reported that they found the mock hearing a useful exercise to familiarise them with the framework.

He Whetū Mārama

27. The delivery of initiatives to strengthen our capacity for exploring the application of mātauranga within the EPA continues focusing on:
 - Te Ao Māori (Māori world views)
 - Te Kai a te Rangatira (visiting speaker programme and discussion)
 - Hauora (wellness activities, including walks and meditation)
 - Taonga Puoro and Waiata (music as a vehicle for learning).

Operational Expectations

Improving HS – Reassessments, Chemical Modernisation

Hazardous Substances Reassessment

28. We received 75 submissions on the modified reassessment for methyl bromide. Hearings are scheduled for early 2020.
29. The paraquat hearing concluded, and the decision is expected to be released early December 2019.
30. Submissions have closed on the 2015 Chemical Review. We received five submissions with no submitters wanting to be heard. This application will progress without the need for a hearing.
31. Public notification of the reassessment of synthetic pyrethroids is scheduled for early 2020. The hearing is likely to take place in 2020. EPA staff are engaging with iwi at a number of hui organised by KKT on the reassessment application.

Hazardous Substances Modernisation

32. The Chemical Map project, the Quality Management System and the Globally Harmonised System (GHS) are progressing. Consultation on the exposure draft of the new Classification Notice will close on 9 January 2020.

Resource Management System

Interim Resource Management Act (RMA) Enforcement Unit

33. Several key documents and processes have been developed to support the Enforcement Unit, namely a triage procedure and guidelines for councils to engage the EPA to support investigations.
34. EPA investigators deployed alongside Waikato Regional Council officers in late August 2019 to undertake inspections of high risk dairy shed effluent systems. About 20 dairy farms were inspected over three days. Planning is underway with two other councils to undertake inspections of erosion and sediment control activities, as well as more dairy effluent inspections.
35. The Enforcement Unit presented to the New Zealand Society of Local Government Managers Regulatory Reference Group about the proposed RMA amendment and the Enforcement Unit. This engagement was valuable as a conduit into district and city councils across the country.

Working with Emissions Trading Scheme Agencies

36. The EPA is continuing to work with MfE and MPI to support the required legislative changes and regulation development to implement proposals to improve the ETS. Decisions to improve the ETS framework, improve the ETS for forestry, and other climate change proposals will have financial implications for the EPA. The EPA is continuing to advocate for the necessary funding to implement changes to the NZETR and the required operational support.
37. On 16 July 2019, consultation led by MfE on options for pricing agricultural emissions was launched. Submissions closed on 13 August 2019. Agricultural processors are currently participants in the ETS, but do not face a surrender obligation. Any changes to this will have implications for the EPA. We have been working with MfE to indicate the impact of the various options.

Sustainability

38. In support of our ongoing programme to reduce our carbon emissions we have:
 - re-labelled our waste bins to comply with national standards and make it easier for staff to know what goes in each waste stream
 - introduced separate facilities for glass recycling
 - provided weekly information on our intranet from the Sustainability Trust as part of our participation in the 'Your sustainable Workplace' programme
 - some of the existing halogen lights have been replaced with LEDs
 - the temperature of air conditioning in the server room has been raised
 - staff are being encouraged to turn off their computers and screens when they leave for the day
 - taken advantage of the wider range of sustainable office products available from our new supplier.

39. We participated in the quarterly All-of-Government sustainability hui. More than 50 government departments are members, providing opportunities for training and to exchange ideas and techniques.

Delivering on our strategy

One EPA

Raising the EPA's profile

40. The total reach (number of users who viewed our content) on Facebook from July to September 2019 was 156,017. Reach peaked in September due to the number of social media campaigns including Bee Aware Month, Conservation Week, Te Reo Māori Language Week, and World Ozone Day.
41. The number of Facebook followers (those who actively subscribe to our page) from July to September 2019 increased to 1,959. We received the highest number of total engagements in September 2019 of 6,728 (people who actively engaged with our posts, including reactions, comments, post clicks and shares). The most successful post over September 2019 was the Tūi post for Conservation Week. This individual post reached 8,855 people and received 991 total engagements.
42. EPA-related media coverage ranged from hazardous substances (HS) (claims brodifacoum was responsible for tuatara deaths at Natureland in Nelson; the disposal of 1080 bait at a landfill in Marton; public submissions opening on the modified reassessment of methyl bromide); to marine consents (the Ports of Auckland marine dumping consent decision; protest march in Auckland over Coastal Resources Limited's marine dumping consent, and then the High Court appeal; Greenpeace activists opposed to oil company OMV scaled a Wellington building). Responses were provided to all media queries. Our 1080 and marine consents website content is being reviewed and updated, due to the high level of interest in these topics.
43. Media releases covered the opening of submissions as part of consultations (HS assessments process; proposed amendments to the Fire Fighting Group Standards 2017; changes to chemical classification and labelling), and approval of applications (new fungicide Vimoy Iblon; OMV GSB marine discharge consent for the Great Southern Basin; marine discharge consent for OMV New Zealand in relation to the Taranaki Basin; and the use of genetically modified (CAR) T-cells in a cancer therapy clinical trial); criticism from Forest and Bird of the granting of a marine dumping consent to Ports of Auckland Ltd; the discovery of banned PFOS-containing fire-fighting foam at Port Taranaki and Dunedin Airport; submissions opening on an application to release the small parasitic wasp, *Pauesia nigrovaria*, to control and eradicate the giant willow aphid; and submissions opening on a proposed review of the hazard classifications of 79 substances (the Chemical Review 2015); our release of the Special Tribunal's recommendations on a Water Conservation Order (WCO) for the upper Ngaruroro River; the EPA's support of Bee Aware Month (co-ordinated by Apiculture NZ); debate around the regulations for genetically engineered or modified organisms; concerns over the

use of kiwifruit spray Hi-Cane; the enquiry into cattle deaths following an aerial 1080 operation in Waikato 2018;); and the use of the weed-killer glyphosate in New Zealand.

44. A “latest news” article was also published on our website during this period, advising that a timeline of the modified reassessment of methyl bromide is available on our website.

Customer Centricity

45. Following pre-contractual due diligence we contracted a new supplier (BigEars), which has a cloud-based survey system to provide more flexibility on how and when we survey customers. This will enable us to survey customers closer to their service experience and will provide customer feedback in text, voice, and graphical form to easily see common themes and track trends. The 2019 customer satisfaction survey resulted in three key themes: information accessibility, visibility to and understanding of our timeframes and processes, and meaningful engagement.
46. We have published an indicative schedule of five upcoming public consultations on proposed changes to the laws and regulations we administer. This is to help people and organisations have a greater say in matters of importance to them, by giving them longer lead times to prepare a submission.

Consumer awareness

47. Safer Homes activity sheets were given to St Joseph's School in Levin to use as part of a classroom project where students discussed how to avoid harm from household chemical hazards. Pupils also investigated non-toxic alternatives for cleaning and maintaining a chemical-free home environment.
48. The Safer Homes team also visited a local (low-decile) primary school with Wellington Rugby in September, to deliver a Safer Homes presentation followed by a ball-skills session led by the Rugby team.
49. In August/September we sent out 10 sets of bilingual Safer Homes resources to Plunket clinics nationwide to use as part of their 'Poisons campaign'. We also gave resources to Plunket's ECE educators to use as part of their coursework material.
50. In August we delivered a presentation to the Eastern Hutt Rotary group on what the EPA does and offered Safer Homes tips/guidance, with a particular focus on gardening chemical safety during springtime.
51. A 'safety around chemicals' and 'spring gardening' feature also appeared in the September edition of Housing New Zealand's tenants' newsletter, which was sent to 68,000 households across New Zealand.
52. The EPA Science Symposium was held on 3 July 2019. Guests from other government departments, NGOs, and universities attended. The symposium was popular with the external audience, RSVPs

exceeded our expectations with over 40 attending. Feedback was positive and encouraging. We look forward to future events pitched towards a wider public audience.

53. The Science team is developing an environmental DNA (eDNA) project for consideration as a community science program to sit alongside the EPA's safer homes initiative. Discussions are underway with Zealandia and other stakeholders on collection of preliminary data and what a project might look like in 2020.
54. In September 2019 we ran a campaign to support Bee Aware Month. This involved a social media campaign, developing a 'Protect our pollinators' resource, and a Bee Aware brochure. This was in collaboration with Apiculture NZ and hold the "Bright Brains on Wings" public talk at Zealandia. Bee Aware Month also coincided with various language weeks and Conservation Week. We promoted these on social media and on our newly launched Activities Calendar.
55. The EPA's regular radio slots continued (monthly with Turanga FM in Gisborne and quarterly with Radio Kahungunu in Hastings) with our KKT team promoting our Safer Homes messaging.
56. We have also launched our 'Community Involvement' section on our website, including a Science Corner and sections on Safer Homes, Te Herenga, Kai and Kōrero, and upcoming events/activities.

Partnership Plus

57. Planning began towards this year's stakeholder event to launch our strategic direction for the next four years. The event will be an opportunity to introduce our new Chief Scientist, Professor Michael Bunce, and share our Community Engagement developments. The stakeholder invite list includes industry, local government, NGO's, and community groups.
58. Our engagement programme with territorial authorities continues. We have finalised our guidance as to 'who does what in the HS system' and will be rolling it out to other HSNO Act S97 agencies in 2020.

People Potential

Leadership capability

59. The Executive Leadership Team (ELT) remains focused on leading the EPA's cultural transformation, including building a strong leadership and coaching culture. A refresh of our approach to leadership capability has been included in the draft 2019–2023 People Strategy, as a core enabler for delivery and employee experience. Leadership coaching continues for the ELT and other senior leaders.

Organisational capability

60. As part of CME, a programme has been set up to examine compliance across the EPA. It includes a people stream involving organisational design (including potential operating model, role, and structural design) and developing a learning and development framework.

General update

Proactive Regulator

Fire Fighting Foams Group Standard 2017 amendment

61. In 2018, the EPA carried out an investigation into fire-fighting foams containing PFOS (perfluorooctanesulfonic acid) and PFOA (perfluorooctanoic acid) at sites around New Zealand. Following the investigation, the EPA has been reviewing the Fire Fighting Chemicals Group Standard 2017 to ensure clarity about which foams are legal for use in New Zealand and to manage the associated risks to public health and the environments.
62. An amended Group Standard and consultation document have been drafted. The proposed amendments provide for the phasing out of all PFAS (per- and poly-fluorinated alkyl substances) containing fire-fighting foam products. Consultation on these documents opened on 30 September 2019 and will close on 2 December 2019.
63. Given that phasing out some types of fire-fighting foams will impact on their import and sale in New Zealand, the World Trade Organisation (WTO) must be notified of the proposed amendments. The mandatory timing standards used by the WTO differ from those used by the EPA. The WTO requires a minimum of 60 calendar days from the date of notification to allow adequate time for consultation. The HSNO Act requires the EPA to timetable public consultation for a period not less than 30 working days. This has meant that the standard consultation period has needed to be significantly extended. In addition, the Technical Barriers to Trade agreement requires WTO members to allow six months between adoption and entry into force of a regulatory change that is a potential barrier to trade.

Smoke-free Environments (Vaping) Amendment Bill

64. The Bill applies many of the existing provisions and prohibitions of the Smoke-free Environments Act 1990 to vaping products and smokeless tobacco devices. The EPA is working with the MoH to incorporate HSNO requirements into the overall regulatory framework.

Consultation under the new Stockholm Convention chemicals

65. The Minister for the Environment requested the EPA to consult on the new Stockholm Convention chemicals, namely dicofol and PFOA, its salts, and PFOA-related compounds, and to report back by March 2020. The Conference of the Parties to the Stockholm Convention meets every two years and makes a decision on proposed chemical listings. Under the HSNO Act, the Minister must consider advice from the EPA about the consultation before any new Stockholm Convention chemical can be added to Schedule 2A of the Act. We plan to carry out the consultation early in 2020.

Decision-making processes are robust, transparent and auditable

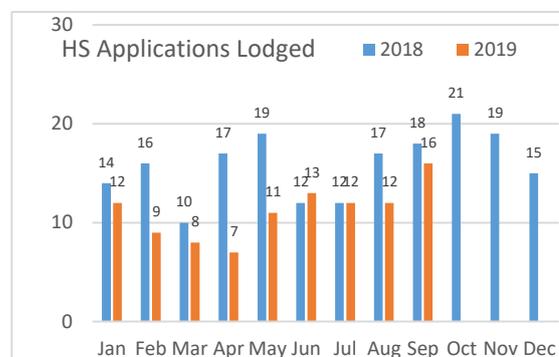
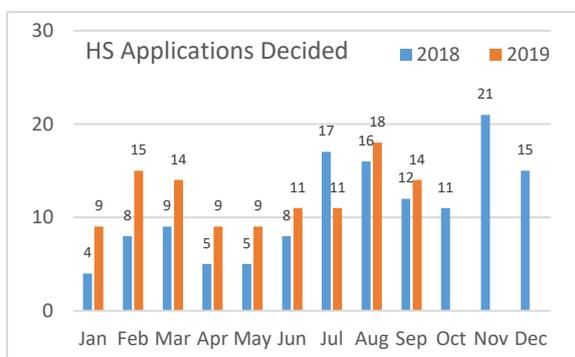
New Organisms

66. Public submissions on the application from Scion to import and release the parasitoid wasp *Pauesia nigrovaria* as a biological control agent for the pest giant willow aphid (*Tuberolachnus salignus*) closed on 17 September 2019 with 50 public submissions received. We expect the Decision-making Committee (DMC) to release its decision by 6 December 2019.
67. Submissions have been received from Prof Heinemann, the Sustainability Council, and Landcare Research regarding the reconsideration of EPA's May 2018 determination that eukaryotic organisms that are treated with externally applied double-stranded ribonucleic acid (RNA) to induce a small interfering RNA response are not genetically modified organisms. We have sought further information or comment from MPI or DoC that may be relevant to this reconsideration.
68. Plant and Food Research's application to import glassy-winged sharpshooter (GWSS) eggs into containment for future biological control host-range testing was approved on 30 September 2019. GWSS is a large leafhopper species native to north-eastern Mexico. Research on GWSS will assist preparedness and risk mitigation of the bacterium *Xylella fastidiosa* and Pierce's disease.
69. We approved an application from the Malaghan Institute of Medical Research to release genetically modified live chimaeric antigen receptor (CAR) T-cells for use in a clinical trial at Wellington Hospital for patients with B-cell non-Hodgkin lymphoma. This is the first time we have approved the release from containment of CAR T-cells for use in a clinical trial. There are approximately 900 new cases of non-Hodgkin lymphoma in New Zealand each year. The CAR T-cells are designed to specifically recognise and kill the lymphoma cells.

Hazardous Substances Applications

70. Implementation of the requirements for the Kigali Amendment to the Montreal Protocol for the protection of the ozone layer is complete. No appeals have been received for the decision on Kigali special permits (the remaining 20 percent allocation of Hydrofluorocarbons (HFCs) not assigned during grand-parented eligibility). All import permits for new HFCs (grand-parented and special) for 2020 have been issued and will enter into force on 1 January 2020.
71. The application for Vimoy Iblon was decided on 26 August 2019. Vimoy Iblon is a fungicide, containing a new active ingredient to New Zealand, for use on cereal crops. The NZ EPA is the first global regulator to review the whole dossier package and make a decision based on it. This application has been completed from date lodged to decided date in 16.5 months, which is significantly less time than other global regulators typically take to review new active ingredient dossiers. The recently available draft evaluation report for this substance and active from the EU authorities has indicated a very similar technical assessment to ours.

72. HS Application statistics for this quarter were: 43 decided, we formally received 3 HS notified applications and 37 non-notified, and 40 were lodged. Year-to-date comparative data is provided below for HS applications decided and lodged per month, per calendar year:



Exclusive Economic Zone Applications

73. A hearing was held from 30 July – 1 August 2019 in Dunedin before a three member DMC on OMV GSB's marine discharge consent application to discharge trace amounts of harmful substances from deck drains of a mobile offshore drilling unit in the Great South Basin. There was increased security at the hearing and media presence. Protest action by Greenpeace, Extinction Rebellion and others was held outside the hotel where the hearing was held. The protest was peaceful and did not disrupt the hearing.
74. Decisions are pending from the Court of Appeal regarding the marine consents for Trans-Tasman Resources Limited (TTRL), and from the High Court regarding the CRL marine dumping consent. Both decisions are expected by 2020. A DMC is considering the non-notified application by OMV (the international integrated oil and gas company headquartered in Vienna) for petroleum exploration and appraisal drilling (EAD) in the Great South Basin. The DMC have issued a minute, extending the timeframe for making the decision and the EAD decision is now due to the EPA on 17 December 2019. The EPA will release the decision as soon as possible after its receipt.
75. Greenpeace have filed an application for judicial review in the High Court, arguing that the EAD application and the already decided marine discharge consent application should have been heard together and that the EPA applied the wrong legal tests in making its determination not to bundle the applications. Greenpeace claim that if the applications were heard together, rights of public participation that applied to the already decided notified marine discharge application would also apply to the non-notified EAD application. The judicial review proceedings have been set down for a hearing on 2 December 2019.
76. Tamarind Taranaki (operator of the Tui Field in offshore Taranaki) is in voluntary administration. Contracts for the use of the floating production, storage and offloading vessel and the drilling rig have been terminated. The EPA will be discussing Tamarind's situation with the administrators and the

requirement for it to continue to be compliant with the conditions of its consents and the EEZ Act. Possible decommissioning will depend on the commercial discussions that are being held about continuing production in 2020.

77. OMV has announced that it has agreed to sell its 69 percent interest in the Maari Field, located in the Taranaki Basin, to Jadestone Energy, an independent oil and gas company. The effective date of the transaction is 1 January 2019 and the closing of the transaction is subject to Joint Venture and New Zealand Government approvals. The EPA is currently working through what this means in terms of the consents that OMV currently hold in relation to the Maari Field.
78. A non-notified application for a discharge consent in Taranaki is being progressed. The Emergency Spill Response Plan application received in July from OMV Taranaki relating to their exploration and appraisal drilling discharge consent application for 11 wells in the Taranaki bight will be progressed after a decision is made on the non-notified discharge consent.

Nationally Significant Proposals

79. The Special Tribunal for the Ngaruroro and Clive Rivers (Hawke's Bay) has issued its report and recommendations to the Minister for the Environment for a WCO. The report recommends that the application for a WCO be declined for the lower part of the Ngaruroro River, but that the application be granted in part for the upper part of the river.
80. The Special Tribunal for Waikoropupū Springs (Tasman) is preparing its report for the Minister for the Environment. The Minister's office has enquired as to the timeframe for a decision as there has been some media interest in the delays. The EPA is providing the Special Tribunal with recommendation writing support and now understands that the tribunal will make a decision in early 2020.
81. The Minister of Conservation has requested formal advice from the EPA about a proposed salmon farm off Cape Lambert at the edge of the Cook Strait. The EPA sought views from New Zealand King Salmon, Marlborough District Council, and Fisheries New Zealand.

Emissions Trading Scheme

82. We have received the final NZETR Certification and Accreditation package from KPMG and are currently working with IT to review and prepare necessary documentation for approval by the Chief Executive.

Science Team Projects and Update

83. The Science team is developing an eDNA project for consideration as a community science program to sit alongside the EPA's Safer Homes initiative. We have generated regional data from the Wellington area and are consulting with local iwi and community groups over the development and rollout of the program in 2020.

Reporting

84. This quarter we responded to: 41 Official Information Act requests, 20 Ministerials, and 8 Parliamentary Questions.

Financial Overview

	Actual YTD \$000	Budget YTD \$000	Variance \$000	Budget FY \$000
Total Revenue	7,027	6,928	99	28,280
Total Expenses	7,191	7,227	36	28,938
Net operating surplus	(164)	(299)	135	(658)
Programme of Work	344	367	23	2,712
Surplus / (Deficit)	(508)	(666)	158	(3,370)

85. The EPA Board approved a deficit operating budget for the current financial year to facilitate use of the accumulated cash reserves in achieving business and systems improvement projects under the EPA's Programme of Work.
86. The net deficit for the three months to 30 September 2019 is \$508k compared with a budgeted deficit of \$666k. The variance between Actual and Budget is mainly due to the following movements:
- Revenue is currently tracking slightly above budget, partly due to NSPs relating to the wash-up costs for the two WCO (Ngaruroro and Clive Rivers, and Te Waikoropupū Springs) and interest received being larger than budget.
 - Year-to-date personnel costs are lower than budgeted, largely due to unfilled positions.
 - Domestic and international travel costs are lower than budget due to less HS and EEZ compliance activity, as well as fewer international trips having taken place.

Summary of Costs by Appropriation for period ended 30 September 2019				
Appropriation	Actual YTD \$000	Budget YTD \$000	Variance \$000	Annual Budget \$000
Decision Making	4,517	4,547	29	21,692
Monitoring & Enforcement	1,850	1,657	(193)	5,888
Emissions Trading Scheme	1,598	1,820	222	6,384
Total ¹	7,965	8,024	58	33,964

Note 1. This total balance comprises the costs reported as 'Total expenses' plus the 'Programme of Work' in the table above.

Summary Statement of Financial Position as at 30 September 2019			
	<i>Actual at 30 September 2019 \$000</i>	<i>Budget at 30 June 2020 \$000</i>	<i>Actual at 30 June 2018 \$000</i>
Total Assets	13,852	9,686	14,607
Total Liabilities	2,837	2,604	3,084
Total General Fund	11,015	7,082	11,523
Working Capital ratio	3.3	2.0	3.2

87. Total assets are currently consistent with the budgeted year-end position. The working capital ratio remains strong at 3.3 times.