



# Efficiency and Effectiveness Review of Levy and Funds Administration

Ministry for the Environment

September 2024





# FUELLING PROSPERITY

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KPMG  
44 Bowen Street  
PO Box 996  
Wellington 6140  
New Zealand  
T: +64 4 816 4500

Tessa Knight  
Programme Manager (Waste Investments)  
8 Willis Street  
Wellington 6012  
September 2024

Dear Tessa,

#### **Efficiency and Effectiveness of Levy and Funds Administration.**

Thank you for the opportunity to support you in undertaking the **Efficiency and Effectiveness review of the Levy and Funds Administration.**

The Ministry for the Environment plays a crucial role in environmental governance and conservation efforts in Aotearoa. A comprehensive assessment of the Waste Minimisation Fund and the administration of the waste levy is essential for the Ministry to ensure that it is aligned with leading practices in environmental funding and management. This review will help the Ministry identify areas for enhancement within the waste minimisation and fund administration processes, ultimately contributing to a more sustainable and environmentally-conscious Aotearoa.

We would like to thank those stakeholders who have shared information, data, and perspectives with us during the course of this work. In particular, we would like to thank the core Ministry staff whom we engaged with consistently and other relevant stakeholders who have contributed and supported throughout this analysis.

We look forward to meeting with you to discuss this report.

Kind regards,

James Poskitt  
Director, Advisory

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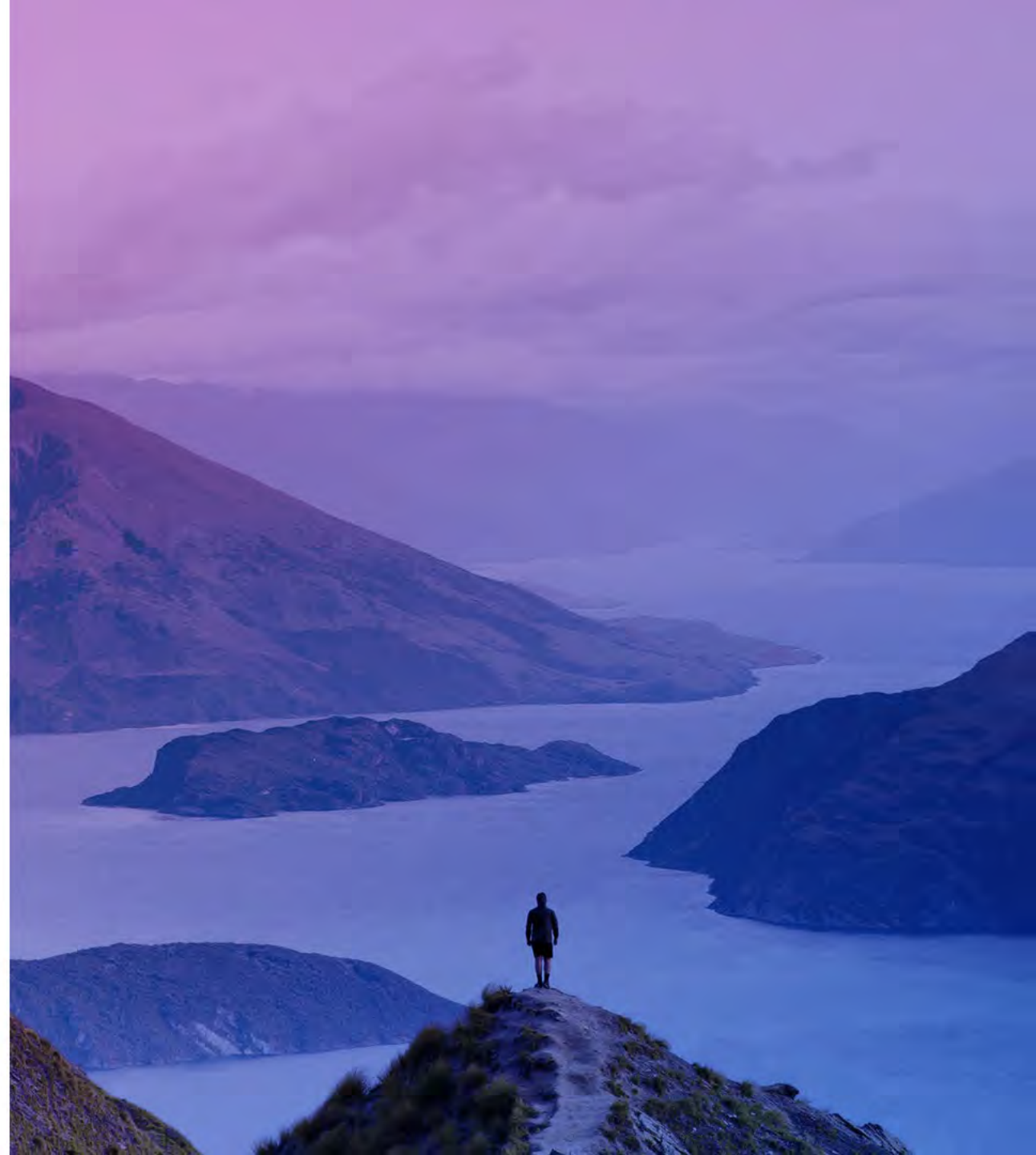
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# Introduction

## Background

In April 2024, Cabinet met and invited the Minister for the Environment (the Ministry) to independently review the process for making investment decisions using the waste disposal levy and back-office functions relating to the waste disposal levy with a focus on value for money. KPMG was subsequently commissioned by the Ministry to conduct an independent efficiency and effectiveness review. This review is for the period pre-July 2024 prior to the Waste Minimisation (Waste Disposal Levy) Amendment Act 2024 taking effect.

## What is the waste disposal Levy?

The waste disposal levy (the levy) is a charge applicable to waste at municipal and other landfills. Its scope and impact have progressively expanded since July 2021. The primary objectives of the levy are to incentivise waste reduction and to channel funds towards investments aimed at further minimising waste.

## What is the Ministry's role with respect to the Levy?

The Ministry plays a crucial role in the levy framework, responsible for the collection of the levy via the Online Waste Levy System (OWLS), which is managed by a third-party supplier. Under the Waste Minimisation Act 2008 (the WMA), the Ministry, represented by the Secretary for the Environment, is mandated to distribute and spend all levy received. This includes activities such as allocating shares to Territorial Authorities (TAs), funding projects that promote or achieve waste minimisation, accurately invoicing and paying site operators along with associated administration costs.

## How does the Ministry manage the Levy?

The Ministry manages the levy through both non-departmental and departmental funding.

### 1. Non-departmental funding:

Waste Minimisation Fund (WMF) and the Plastics Innovation Fund (PIF) form the primary avenue for investing the Government portion of the waste disposal levy. Notably, the revenue for both funds has been derived from the same Government appropriation. The recent shift involves the consolidation of the PIF into a single fund with multiple signals under the WMF. Additionally, there are plans to replace the Contaminated Sites Remediation Fund (CSRF) with the Contaminated Sites and Vulnerable Landfills Fund (CSVL), partially funded by the levy from 2024 and fully levy-funded from 2025/26 onwards.

### 2. Departmental funding

The departmental allocation for waste levy funding plays a vital role in supporting various levy-related activities, including Waste Operations and waste investments. This encompasses administrative costs, levy collection, compliance, monitoring, and enforcement activities.



# The scope of this review consisted of two objectives:

## Objective One:

**Review the processes for making (waste levy) waste investment decisions, with a focus on value for money.**

A process review that considered value for money associated with the end-to-end waste investment funds decision-making process (for WMF & PIF) which includes three key phases:

- Expression of Interest (EOI) – Pre-EOI phase, EOI submission, and assessment, moderation, and approvals.
- Application – application submission, independent panel assessment, assessment, due diligence, moderation, and approvals.
- Contracting – project planning, deed of funding negotiation, external due diligence, legal review.

In addition, how post-project evaluation feeds into decision-making is also in scope.

- Investment decision-making processes for other Ministry-administered funds such as the CSRF and the Freshwater Improvement Fund (previously not funded by levy).
- Decision-making processes with respect to WMF projects that are funded with Climate Emergency Response Funding.

## Objective Two:

**Review back-office functions funded by the levy, with a focus on value for money**

The three key focus areas for reviewing the back-office functions are below followed by the key deliverables:

- a) Collecting, distributing, and administering the levy
- b) Levy compliance, monitoring, and enforcement; and
- c) Funds administration.
- Document the activities undertaken across functions a, b, and c. and assess these against the Ministry's regulatory responsibilities.
- Assess and report on this delivery against departmental expenditure since levy rates were increased in 2021 with respect to the value for money.
- Assess the current appropriated departmental funding from FY26 with regard to the ability to perform the activities.
- Provide recommendations that helps to avoid 'deadweight loss' from the administration of the key levy functions.
- Back-office functions not funded by the levy in FY24 e.g. Waste operations compliance, monitoring, and enforcement activities not related to levied facilities.
- The Ministry's overhead allocation methodology. Allocation methodology is reviewed annually as part of Audit NZ's audit.
- Waste Investments activities funded by the Climate Emergency Response Fund.
- Detailed assessment of specific processes, methodologies or systems employed by the two levy administrative function areas.



In-scope



Out of scope

# Overall Value for Money Assessment

The table below presents a high-level assessment of value for money (VFM) for a levy and grants administration function, based on standard criteria. Due to time and data limitations, a detailed quantitative or benchmarking analysis has not been provided. This assessment is derived from available data, interviews with MfE staff, and KPMG's experience in similar engagements. In conclusion, KPMG finds that the Ministry demonstrates good value for money with room for improvement. It is advised not to reduce funding below the current 2024 levels due to compliance risk in Waste Operations and the robustness of the Waste Investments applications and contract management processes.

Criteria	Commentary	Assessment
Overall VFM Summary	The Ministry demonstrates a commendable standard of value for money across both Waste Operations and waste investments, with several opportunities for enhancement. Specifically, implementing streamlined practices and refining reporting structures could significantly elevate the Ministry's overall efficiency and effectiveness. By introducing clear performance metrics and leveraging technological advancements, the Ministry could further optimise its operations and resource utilisation.	KPMG advises against decreasing the funding below the current 2024 levels, citing the robustness of the application and contract management processes. Additionally, the increase in compliance risk further underscores the importance of maintaining the current funding levels.
Cost Effectiveness	The Ministry exhibits reasonable cost-effectiveness in both the Waste Investments decision-making process and Waste Operations functions. Notably, the Ministry demonstrates efficient resource allocation by effectively managing costs at various stages of the decision-making process. The analysis indicates that the total cost for successful and unsuccessful applications at the Pre-EOI stage (\$160,930) is 40% less when compared to the EOI stage (\$272,176), highlighting a strategic cost-saving opportunity. Moreover, the administration costs, amounting to approximately 1.37% of the levy collected in FY24, reflect prudent financial management. While the Ministry has well-defined roles and minimal evidence of resource duplication, the identified single-person risk in key roles warrants attention to mitigate potential vulnerabilities. It's important to note that while system costs and overhead allocation were not quantified in this assessment, addressing these factors could further enhance the Ministry's cost-effectiveness.	KPMG's assessment indicates that Waste Investments and Operations functions within scope demonstrate sound cost-effectiveness. Any reduction in resourcing would introduce the risk of service failure, diminished quality, and non-compliance.
Efficiency	Across both Waste Investments and Waste Operations, the processes appear to be effectively executed within the Ministry. For waste investments, the existence of documented process maps for applications reflects a commitment to driving productivity and ensuring clear guidelines for stakeholders. While post-application processes such as contract management and performance were not extensively assessed, these align with KPMG's experience and understanding of programmes of similar scale and complexity within the public sector in 2024. A minimum of 80% of deeds have been executed within six calendar months from the date the Ministry receives the signed confirmation of intention to proceed over the past 3 years, highlighting the efficient processes. It is important to acknowledge that these functions are not core MfE activities and operate as standalone units. Consequently, there are limited opportunities to capitalise on economies of scale across other units within the Ministry. Nonetheless, leveraging best practices and streamlining processes within these functions could further enhance overall efficiency and alignment with industry standards.	KPMG's assessment indicates that the functions within Waste Investments and Operations are efficient, with identified opportunities for improvements such as conducting cost-benefit analysis for greater automation, optimising application processes at the front-end, and documenting risk and performance.



# Overall Value for Money Assessment Continued

The table from the previous page is continued below.

Criteria	Commentary	Assessment
Effectiveness	<p>For Waste Investments, the decision-making process demonstrates strong alignment with the fund's policy objectives, as evidenced by successful projects. The robust due diligence procedures have effectively mitigated the risk of project failure and ensured the delivery of intended outcomes. The pre-screening during the Pre-EOI and EOI phase has resulted in a 96.7% success rate at the Application stage, indicating a thorough and effective evaluation process. Furthermore, the extensive collaboration with providers underscores a commitment to ensuring the suitability and sustainability of applications, contributing to the overall effectiveness of the decision-making process. The fast-fail rates at various investment phases serve as indicators of the process's efficiency and adaptability.</p> <p>For Waste Operations, the reprioritisation of monitoring and compliance activities reflects a strategic effort to maximise effectiveness within resource constraints in operations. There is, however, a notable risk of non-compliance or under-compliance, with only 5% non-compliance potentially leading to a \$1.78M loss in levy collection, requiring continued vigilance and proactive risk management.</p>	KPMG's assessment concludes that Waste Investments and Operations functions are effective overall within the current capacity. Investing in the operating functions would enhance compliance and effectiveness by mitigating risk, albeit with an associated increase in cost.
Transparency and Accountability	<p>The Waste Investment decision-making process enhances transparency and effectiveness through the utilisation of subject matter expertise (SME) and external moderation expertise. The involvement of accountable Ministers in investments for significant funding approval ensures a robust line of oversight. Moreover, the implementation of snapshots and online reporting underscores the commitment to transparency within this function. However, the absence of reporting against a performance monitoring framework in recent years diminishes the accountability of back-office functions funded by the levy.</p> <p>For Waste Operations, KPI metrics provide some transparency, however, clearer governance over compliance risk management decisions is warranted to bolster overall accountability across the operations.</p>	KPMG's assessment indicates the presence of robust transparency and accountability controls; however, there is a need to strengthen these controls to mitigate compliance risk. Additionally, KPMG has provided a performance measurement framework to support monitoring efforts.
Continuous Improvement	<p>The organisation exhibits a strong commitment to continuous improvement across both Waste Investments and Waste Operations, as evidenced by the identification and initiation of several improvement projects. Notably, there have been discernible enhancements in system platforms and partial process adjustments. It's important to note that these improvements have been somewhat constrained by resource limitations.</p>	KPMG recommends conducting further analysis to explore improvement opportunities, particularly in the area of automation



# Executive Summary - Objective One

Overall, the Ministry has robust and effective processes for investment decision-making but there is inherent risk as Waste Investment Funds shift focus to higher-scale, more complex projects with the potential for a wider scope of initiatives. There are opportunities to increase the efficiency of decision-making through some process changes and automation of activities. For this review, the Pre-EOI stage is included under the breakdown of the EOI Phase.

## Key observations

- Each of the key decision-making phases has a clear value proposition. The EOI Stage is an effective screening tool and the most cost-effective point to filter out applications that do not meet minimum criteria. The Pre-EOI stage under the EOI phase provides an opportunity to clarify and further specify requirements, and the EOI phase enables an early feasibility and strategic alignment assessment.
- Removing or reducing the Pre-EOI stage and EOI phase would have a cost and quality impact, and any changes should consider these implications. More applications received at lower quality or that are declined at the application stage would lead to higher sunk costs and are less cost-effective overall.
- Reducing the number of applications that are declined or reducing the amount of proposal shaping activities would streamline the time and cost across all processes. This has been demonstrated through the use of 'Council packages' that are more quickly processed due to more specific requirements and entry criteria along with a well-defined policy outcome. This approach could be applied more generally but would reduce the degree of innovation and new solutions that are received. For a definition of Council packages in this context, please see Appendix 2.
- Streamlining could also be achieved through better use of technology and automation, in particular at the initial point of entry stage and the use of Citizen Space tools. Some investment would be required and the cost/benefit analysis to validate this was outside the scope of this engagement.
- There is a strategic shift toward supporting broader impact and higher-scale projects. This approach requires a stronger focus on risk assessment, due diligence, and commercial feasibility which adds time and complexity to the process. This shift also requires a more skilled partnership approach to developing successful proposals and the Ministry may want to consider further assessment of any professional development or recruitment needs to meet this.

- There is no performance framework, KPI, or benchmarking measure that drives continuous improvement. A set of baseline metrics around cost, time, and quality at each stage of the process would help show changes over time and support investment cases.
- The Ministry aims to have all deeds of funding in place within 6 months of receiving confirmation of intent to proceed from the applicant. This could be streamlined through time management, however, we believe the sign-off levels for application approvals and funding deed sign-outs are appropriate for investments of this size and nature and wouldn't recommend lowering delegate financial authority levels for these two processes without due risk assessment.

## Recommendations

1. Maintain the EOI phase to enable the Ministry to effectively manage proposals to decline and support with shaping proposals to streamline subsequent phases.
2. Assess the levels of customer engagement desired by the Ministry, with a focus on removing contact points to place a greater onus on the applicants and reduce associated costs in the EOI phase.
3. Investigate technology solutions that reduce manual intervention and enhance customer experience.
4. Limit the number of supporting documents that can be submitted and increase the emphasis on co-funding verification in an application.
5. Assess at a regular cadence the levels of capability with regard to the risk profiles of projects being funded.
6. Undertake a root cause analysis to identify and implement any repeatable efficiencies from a Council to a standard package.
7. Assess the cost and benefit of implementing ongoing performance metrics to have an evidence base for continuous understanding of the efficiency and effectiveness of the Ministry's operations.



# Summary of Recommendations

The current Waste Investment decision-making process is delivering high value for money through efficient and effective services within the EOI, Application, and Contracting phases. The following recommendations have been developed as opportunities for improvement rather than causes for concern.

Phase	No.	Recommendation	Cost	Complexity	Benefit	Timeframe	Overall status:
EOI	1	Maintain the EOI phase with the Pre-EOI stage to enable the Ministry to effectively manage proposals to decline and support with shaping applications to streamline subsequent phases.	Low	Low	High	0 Months	KPMG recommends that the Ministry should keep the EOI phase as it increases the overall efficiency and effectiveness of the Waste Investment decision-making process.
	2	Decide on the levels of customer service required with the option to place a greater onus on the applicant to remove the costs associated with the EOI phase.	Low	Medium	High	0-3 months	KPMG recommends that the Ministry should discuss the levels of customer service it wishes to provide if placing a greater level of onus on the applicant is decided as a course of action. The Ministry should take the time to understand the wider impacts of doing so when making this decision.
	3	Investigate technology solutions that reduce manual intervention and enhance customer experience.	High	Medium	Low	6-12 months	The Ministry could investigate investing in technology systems, but it is likely that the efficiencies gained from doing so will be relatively minor. This is because it is often one person's role to undertake the manual intervention and the cost-efficiencies that are likely to be gained will be smaller than other recommendations.
Application	4	Limit the number of supporting documents that can be submitted for an application.	Low	Low	Medium	0-3 months	The Ministry could limit the number of documents that can be attached to applications. This is because currently, applicants can submit a plethora of information which the Investment Managers need to take the time to read and assess.
	5	Assess at a regular cadence the levels of capability with regard to the risk profiles of the types of projects being funded.	Low	Low	Medium	3-6 months	KPMG recommends that the Ministry should regularly assess its capability with the scale and risk of the projects that are being funded. Greater expertise in business casing as an example may be required to deliver effective assessments.
	6	Undertake a root cause analysis to identify and implement any repeatable efficiencies from a Council to a standard package.	Low	Low	Medium	3-6 months	The Ministry should undertake a root cause analysis to determine if there are any efficiencies that could be implemented from the Council packages. The completion of this analysis will ensure that ways of working with Councils are not siloed.
Contracting	7	Assess the cost and benefit of implementing ongoing performance metrics to have an evidence base for continuous understanding of the efficiency and effectiveness of the Ministry's operations.	Medium	Medium	High	0-3 months	KPMG recommends that an evidence base to support with reporting, communication, and progress reporting would ensure the Ministry can ensure they are delivering effective and efficient services.



# Executive Summary - Objective Two

Overall, the Ministry has robust and effective processes for levy collection, administration, and compliance. The current level of funding is sufficient to undertake these activities, but there is a degree of unmitigated risk around both revenue collection and perverse behaviours of DFOs. Any reduction in funding would exacerbate this risk.

## Key observations

- When evaluating Objective Two against the legislative responsibilities, there is a lack of specificity in the requirements for the Ministry to fulfil. The legislation does not outline the requirements for levy collection or Disposal Facility Operator (DFO) behaviour compliance, making it challenging for the Ministry to measure compliance effectively. As a result, the Ministry has developed a compliance programme that manages risk within the resource available rather than against a set of minimum standards.
- The Ministry has few mandated levers to drive better compliance and relies on education and positive incentives to address behaviour. Prosecution is often not a viable option due to the high threshold of requirements as per the Solicitor General's Guidelines for Prosecution.
- Our assessment is that the back-office processes for collection and administration of the levy and the Waste Minimisation Fund are fit for purpose and offer sufficient value for money, but there is some risk at the current funding levels given the significant increase in both the number of liable DFOs and the value of the levy collected.
- We note that this is not core business for the Ministry and therefore no economies of scale to leverage. As a result, there is currently a single point of failure risk within the levy administrator and IT Platform manager roles and a reliance on manual processes that could be automated. The compliance management systems (Territory Authority Waste Levy Expenditure System (TAWLES) and OWLS) are largely bespoke and not optimised for the tasks required. Upgrades to the systems would be beneficial but would also require a detailed cost-benefit assessment to support a business case. Please see Appendix 2 for definitions of OWLS and TAWLES.
- There has been an increase in the number of levy-liable DFOs and in the number of non-liable 'Class 5' DFOs. 9(2)(b)(ii)

- There is no recent documented performance framework or benchmarking for the back-office functions which would provide better clarity of current performance and any changes over time. We do note that there has previously been a Performance Monitoring Framework report, but this hasn't been carried out in recent years due to resourcing constraints. We observed that the cost to administer has remained relatively flat while the volume and value of levy collection have increased dramatically. This is a positive measure of efficiency but could also reflect lower effectiveness if levy collection isn't optimised. An updated performance framework would provide better transparency and enable informed decision-making around risks and trade-offs.

## Recommendations

8. KPMG recommends that the Ministry should investigate resourcing the levy administrator role with an additional FTE to effectively mitigate the single point of failure risk.
9. KPMG suggests that the Ministry assess the costs and benefits of improving systems to enhance user experience for Ministry staff and external users.
10. KPMG recommends that the Ministry develops a risk assessment and mitigation strategy for DFO compliance to provide transparency and accountability for work programme and resource allocation.
11. KPMG recommends prioritising the development and consistent use of a performance framework to support communication and progress reporting. This will ensure the Ministry can understand its current performance with regard to the efficiency and effectiveness of its operations.

# Summary of Recommendations

Throughout this analysis, KPMG has concluded the back-office functions are delivering efficient and effective value for money back-office services on limited funding. Within the current delivery of services, there are still risks and opportunities for improvement. As a result, KPMG would recommend that the current levels of departmental funding should be considered as closer to the minimum cost to deliver these services. Improved service delivery would require a greater amount of funding to deliver more effective and efficient value-for-money services. Investing in the recommendations below would support the Ministry to be well-placed to do so.

No.	Recommendation	Cost	Complexity	Benefit	Timeframe	Overall status:
8	<b>Single point of failure:</b> KPMG recommends that the Ministry should investigate resourcing the levy administrator role with an additional FTE to effectively mitigate the single point of failure risk.	Medium	Low	Medium	3-6 months	KPMG recommends that the Ministry should investigate resourcing the levy's administrator role with an additional FTE to effectively mitigate the single point of failure risk.
9	<b>System and user experience improvements:</b> KPMG recommends that the Ministry investigates the costs and benefits associated with improving the functionality of systems to deliver a greater user experience to both Ministry staff and external users.	High	Medium	Medium	6-12 months	KPMG recommends that the Ministry should investigate the costs and benefits associated with improving the functionality of systems to deliver a greater user experience to both Ministry staff and external users.
10	<b>Documenting the risks of monitoring:</b> KPMG recommends that the Ministry develops a risk assessment and mitigation strategy for DFO compliance to provide transparency and accountability for work programme and resource allocation.	Low	Medium	High	0-3 months	KPMG recommends that the Ministry develops a risk assessment and mitigation strategy to provide transparency and accountability for work programme and resource allocation.
11	<b>Performance measurement:</b> KPMG recommends prioritising the development and consistent use of a performance framework to support reporting, communication, and progress reporting that would ensure the Ministry they are delivering effective and efficient services.	Low	Low	High	3-6 months	KPMG recommends developing a performance framework to support with reporting, communication, and progress reporting would ensure the Ministry can ensure they are delivering effective and efficient services.



# Our Approach

9(2)(b)(ii)



# How this report is structured

To assess and report on the efficiency and effectiveness in a structured format, each of the following three sections are covered within each objective.

## 1 Value Chain

This section of the report documents the value chain of each process within each objective. The purpose of this is to document how the processes currently operate and the intended value that each is seeking to achieve.

Within this section, the following areas are covered:

1. Context – The problems being solved.
2. Inputs – the resources required to operate.
3. Outputs – the services that are delivered.
4. Outcomes – the wider benefits.
5. Impacts – the value offered to the wider waste management sector.

### Outcome:

A detailed understanding of each process, how the activities interlink, and the outcomes that are being sought.

## 2 Performance

This section of the report consists of the analysis of each stage from both a qualitative and quantitative lens. The purpose is to assess each area to report on the value-for-money conclusions.

Within this section, the conclusions are considered with regard to:

1. Governance – considering the risks, conflicts, and issues that arise and the strategic choices that could be considered.
2. Performance – considering where there may be opportunities for business improvement and key performance indicators (KPI's) to identify opportunities for enhancement.
3. Operational – considering alternative ways of working to enhance operational efficiency and effectiveness.

### Outcome:

A detailed analysis of the observations of current performance to inform the recommendations.

## 3 Recommendations

This section of the report outlines KPMG's recommendations for the Ministry to improve its efficiency and effectiveness.

Within this section, the recommendations are ranked by cost, complexity, and benefit to support the Ministry with the implementation and prioritisation of the opportunities to pursue.

### Outcome:

A list of actionable opportunities to enhance the efficiency and effectiveness ranked by short-term to longer term recommendations.



# Objective One

A process review of the EOI, Application, and Contracting phases.



# The Value Chain of the EOI, Application, and Contracting Phases

To analyse each phase in depth, KPMG has distilled the EOI (inclusive of the Pre-EOI stage), Application, and Contracting phases down into the five areas below to enable a clear understanding of what each phase achieves.

	EOI Phase	Application Phase	Contracting Phase
1 Context	The purpose of the EOI phase is to ensure that applicants are meeting the requirements and that their proposals are aligned with the purpose of the fund. The Ministry can also help to shape proposals in this phase. This is a two-fold step that includes the Pre-EOI stage too.	The purpose of the Application phase is to undertake a detailed assessment of each application and either approve or decline the application for funding. This includes various levels of due diligence and approvals depending on funding levels (>\$1M) and complexity.	The purpose of the Contracting phase is to progress successful applications to receive funding to support the initiative that has been approved.
2 Inputs	Applicants submit a high-level proposal which is reviewed by Investment and Fund Managers within the Ministry. Upon the completion of the review, Investment Managers then meet with the applicant to provide feedback on their proposal.	The application is evaluated by Investment Managers, then is moderated to approve or decline the application. External panels provide due diligence. Complex projects or values >\$1M require ministerial approval.	The Investment Manager works closely with the successful applicant to finalise documentation that enables deed of funding execution from senior stakeholders within the Ministry.
3 Outputs	The output of this phase is that the applicant is either invited to apply or told it is unlikely that they would receive funding if they applied to the Ministry formally for funding.	The output of this phase is that the applications are thoroughly peer reviewed, ensuring informed investment decisions are reached and that projects are equipped to succeed and deliver desired outcomes.	The output of this phase is that the deed of funding is documented and signed by both the Ministry and the successful party.
4 Outcomes	The outcome of this phase is that the Ministry can engage with the applicants early to support them in developing higher-quality proposals or reducing the time and effort at the next stage of the process by minimising low-quality proposals.	The outcome of this phase is that there are comprehensive risk and assurance checks that ensure that the Ministry is using the fund for projects that align with its purpose whilst contemporaneously ensuring the projects are likely to succeed and deliver the intended outcomes.	The outcome of this phase is that there are checks and balances in managing the risk of distributing large sums of funding to successful applicants.
5 Impacts	The impact is that the Ministry is able to decline proposals early where it is the most cost-efficient phase for the Ministry and the applicant to do so. This is supported by the analysis on the following pages.	The impact of having a thorough application process is to enable the Ministry to effectively manage the portfolio of initiatives to ensure they are the most impactful at reducing waste.	The impact is that the fund has high levels of governance that appropriately minimises the risk and ensures accountability for distributing the fund.



# Quantitative analysis to support the assessment of each phase

The data that informs the following analysis are shown below. The limitations and key insights of each table are on the right below.

Table One: Proposal insights		
EOI Phase - Pre-EOI Process		
Roles:	Hours per application	Cost per application
Senior Relationships Advisor	0.5	32
Fund Coordinator	3.0	97
Investment Manager/Team Leader	3.0	173
Senior Investment Manager/Team Leader	0.3	15
Fund Manager	1.3	115
Total Pre-EOI:	8.0	\$431
EOI Phase: EOI Process		
Fund Coordinator	1.4	45
Investment Manager	15.4	760
Team Leader	0.3	15
Fund Manager	2.6	240
Operations Analyst	0.5	21
Programme Manager	3.5	280
Total EOI:	23.6	\$1,361
Application Phase		
Fund Coordinator	3.4	110
Investment Manager	33.5	1,657
Programme Manager	10.0	799
Fund Manager	9.0	829
Director	3.0	445
Deputy Secretary	0.5	77
Total Application phase	59.4	\$3,917
Total of all phases:	91.0	\$5,709

### Limitations:

- Due to the Ministry's systems reporting limitations and manual processes, as well as the manual nature of the collation of applications and sense checking required, the exact number of applications at each stage cannot be accurately provided. The total number of applications at each stage therefore could be slightly above or below the numbers represented. There are therefore applications not included in the adjacent, which may have been withdrawn or declined, or are waiting to be actioned that would increase the total cost at each stage.
- The Plastics Innovation Fund projects is not included in the Pre-EOI process calculation as this fund does not have a formal Pre-EOI stage.
- The costs associated with the external panel in the application process is not included in this calculation.
- The time spent on applications is based on an estimate provided by the investment management team. This has not been tested or validated by the Ministry.
- The cost of processing applications is based on an average salary for each role and the estimated time spent at each stage. This is not an exact cost but an illustrative estimation to show the relative cost of each stage.

### How the data was calculated:

- The average hourly cost column has been calculated by dividing the salary costs by 52 to get the weekly costs, dividing this by 40 to get the hourly cost, and then multiplying this by the hours per application column.

### Key insights:

- The Pre-EOI stage within the EOI Phase is the most cost-effective stage to decline applications as the cost per application is the lowest (\$431).
- 57% of the total hours spent on applications are attributed to Investment Managers. Streamlining the demand experienced by this role would therefore have a greater impact on the overall efficiency and effectiveness of the decision-making process.

Source: KPMG analysis of application and salary information provided.  
Note: Total hours at each stage includes the estimated ad-hoc time for each relevant role.

# Quantitative analysis to support the assessment of each phase

The data that informs the following analysis are shown below. The limitations and key insights of each table are on the right below.

Table Two: Application costs from start of fund			
Phase:	Total cost of successful applications	Total cost of unsuccessful applications	Total cost of both successful and unsuccessful applications
EOI- Pre EOI	\$89,741	\$71,189	\$160,930
EOI - EOI	\$148,336	\$123,840	\$272,176
Total of EOI	\$238,077	\$195,029	\$433,106
Application	\$356,412	\$11,750	\$368,162
Total cost of both EOI and Application	\$594,490	\$206,779	\$801,269

**Limitations:**

- Please note that the limitations are consistent with those identified on the previous slide. For ease of viewing, we have copied the limitations below to support your reading.
- *Due to the Ministry's systems reporting limitations and manual processes, as well as the manual nature of the collation of applications and sense checking required, the exact number of applications at each stage cannot be accurately provided. The total number of applications at each stage therefore could be slightly above or below the numbers represented. There are therefore applications not included in the adjacent, which may have been withdrawn or declined, or are waiting to be actioned that would increase the total cost at each stage.*
- *The Plastics Innovation Fund projects is not included in the Pre-EOI process calculation as this fund does not have a formal Pre-EOI stage.*
- *The time spent on applications is based on an estimate provided by the investment management team. This has not been tested or validated by the Ministry.*
- *The cost of processing applications is based on an average salary for each role and the estimated time spent at each stage. This is not an exact cost but an illustrative estimation to show the relative cost of each stage.*

**How the data was calculated:**

- The cost per successful project is the total hourly cost which is calculated on the previous page multiplied by the number of Pre-EOIs that progress to the next stage (or from Pre-EOI to Application directly as an exception).
- The cost per unsuccessful application is the total hourly cost multiplied by the number of declines within each stage.

**Key insights:**

- There is a greater cost spent on successful applications (from Pre-EOI, to EOI, to Application) throughout the process.
- The total cost of declining applications at the EOI stage is more expensive than the Pre-EOI stage within the EOI phase.
- Therefore, the Pre-EOI stage adds value to the overall process as it is the most cost-effective stage to filter applications.

Source: KPMG analysis of application and salary information provided.  
Note: Total hours at each stage includes the estimated ad-hoc time for each relevant role.



# Quantitative analysis to support the assessment of each phase

The data that informs the following analysis are shown below. The limitations and key insights of each table are on the right below.

Table Three: The status of proposals at each phase (incl Pre-EOI stage):			
EOI Phase – Pre-EOI process:			
Total number of Pre-EOIs:	Pre-EOIs declined or withdrawn:	Pre-EOIs invited to EOI stage:	Pre-EOIs invited straight to Applications:
373	165 (44.4%)	148 (39.6%)	60 (16%)
EOI Phase - EOI process:			
Total number of EOIs submitted:		Number of declined EOIs:	
200		91 (45%)	
Application Stage:			
Total number of submitted applications:		Number of declined applications:	
91		3 (3.3%)	

**Limitations:**

- As mentioned above, there are a number of applications at each stage, which cannot be identified due to limitations in the Ministry’s system. The total number of applications at each stage therefore could be slightly above or below the numbers represented. KPMG has provided a recommendation that would minimise this limitation in the future.

**Key insights:**

- In the Pre-EOI stage, 44.4% of all enquiries are declined or withdraw. In the EOI phase, 45% of all enquiries are declined or withdraw, and in the Application phase, 3.3% of applications are declined. Therefore, the EOI stage (inclusive of the Pre-EOI stage) is where the greatest number of applications are filtered and declined, reducing the demand required in subsequent stages.

Table Four: The length of time taken for different types of packages	
Application timeframes:	
Type of Package:	Months
Standard process: First contact to funding decision	10.2
Council packages: First contact to funding decision	4.6

**Limitations:**

- Application timeframes are based on average total time from first contact to funding decision and may vary on a case-by-case basis.

**Key insights:**

- Council packages encompass a greater level of prescriptive detail which enables the Ministry to process applications more efficiently.

Table Five: A summary of the costs of applications			
Active applications:			
Total funded	Number of applications	Average funding per application	Average funding per year
\$71,500,384	70	\$1,021,434	\$518,119

**Key insights:**

- The average funding per application is in excess of \$1 Million which indicates that projects that are funded are generally of a larger scale and require ministerial and external panel approval.

# Analysis of the EOI Phase

The efficiency and effectiveness of the EOI phase has been analysed below, coupled with recommendations for improvement.

The EOI phase serves to verify that applicants meet the minimum requirements and align their proposals with the fund's purpose. This phase also enables the Ministry to provide support in shaping proposals, streamlining the decision-making process to reduce the amount of work and rework required at later stages, thus leading to efficiency and effectiveness gains. Additionally, internal and external subject matter experts (SMEs) are consulted throughout the decision-making process in the EOI and Application phase to ensure the Ministry has the necessary level of expertise for more complex projects.

## EOI Value

The Ministry has investigated removing the Pre-EOI stage and EOI phase and replacing this with a more extensive pre-application phase. This is due to internal restructuring and changing responsibilities across the Waste Investments team that have resulted in a requirement to use resources more effectively. Stakeholders expressed that having applicants move straight to a more extensive application phase may reduce administrative tasks and time for key stakeholders in the decision-making process. Analysing the proposed changes is difficult due to the lack of data. Instead, KPMG has analysed the process as it currently operates to understand whether these proposed changes would be beneficial for the Ministry.

Since reopening, the Ministry has had 373 inquiries submitted within the Pre-EOI stage and 165 of these were declined or withdrawn. Within the EOI phase as of 23 April 2024, 200 EOIs were formally submitted with 91 of these having been declined. This shows that there is a significant number of proposals declined within the EOI phase, which reduces the subsequent demand on the Waste Investments team further along the process.

Supporting this analysis, the Pre-EOI stage is the most cost-efficient stage to decline proposals.

This is shown by the average cost per application for the Pre-EOI stage is \$431, which is significantly lower than subsequent phases. This is compared to \$1,361 in the EOI phase, and then \$3,917 in the Application phase. This shows that there is an increase in cost per application of 103.8% from the Pre-EOI stage to the EOI phase and a further 96.8% increase from the EOI to the Application phase. Therefore, the Pre-EOI stage within the EOI phase is the most cost-effective stage within the overall waste investment fund decision-making process to filter proposals.

KPMG understands that the proposed changes as they currently stand are within the EOI phase to remove the EOI stage and make the Pre-EOI more extensive. Therefore, an applicant would go from a more extensive Pre-EOI stage directly to the Application phase if they were successful.

It is KPMG's view that the proposed changes would not be as efficient or cost-effective as the current process. This is because the Pre-EOI stage is the most cost-effective stage to filter out applications. By implementing a more extensive Pre-EOI, the Ministry is unlikely to have the ability to decline proposals as efficiently or effectively. KPMG acknowledges that the intent would still be to decline applications where they are not viable at the earliest stage. It is KPMG's view that the Pre-EOI stage within the EOI phase is a necessary stage to efficiently and effectively filter applications to ultimately enable value for money within the investment decision-making process.

In the event that the proposed changes did go ahead, KPMG would recommend that the Ministry consider options to ensure the time and resources within the Pre-Application phase are limited. This could be through placing a greater onus on the applicant to meet the criteria and to support the reduction in time and resources required from the Ministry.

This would however need to be balanced with the quality of customer/applicant service that the Ministry strives to provide.

## Process Maps

Through analysing the EOI phase in-depth, it was clear by the levels of detail in the process mapping that the Ministry has been proactive in identifying opportunities for improvement. The process maps enable the development of in-depth understanding to be acquired. These process maps should be kept up to date and reviewed at a regular cadence as process improvements are implemented however it was noted that there may be capacity challenges in doing so.

## Technology Improvements

KPMG understands that an applicant submits a pre-expression of interest through a platform called Citizen Space and there are manual activities required from Ministry staff to organise the information provided. Upon submitting and applying to the fund, applicants then must create an account within the Ministry's systems and duplicate some of the information to proceed. Therefore, there is an opportunity to enhance the use of technology systems within the EOI phase to both remove manual intervention from the Ministry and enhance the customer experience.

## RECOMMENDATIONS:

1. Maintain the Pre-EOI stage and EOI phase to enable the Ministry to effectively manage proposals to decline and support with shaping applications to streamline subsequent phases.
2. Decide on the levels of customer service required with the option to place a greater onus on the applicant to remove the costs associated with the EOI phase.
3. Investigate technology solutions that reduce manual intervention and enhance customer experience.



# Analysis of the Application Phase

The efficiency and effectiveness of the Application phase has been analysed below, coupled with opportunities for improvement recommendations.

The purpose of the Application phase is to ensure that a detailed assessment of each application is being undertaken. The Application phase therefore should act as the step in the process where due diligence can be undertaken to a high degree to inform strategic decision making. Whilst ensuring that this phase is efficient and effective, there should be adequate time and resources dedicated so that a high level of due diligence can be completed without introducing unnecessary risks or rework at later steps within this process.

Similar to the EOI phase, the Ministry has completed in-depth process mapping that enables a high level of understanding to be developed. Reviewing the process maps coupled with qualitative interviews on how the application process is completed showed no significant areas for concern. The following analysis identified areas where smaller-scale improvements could be made to improve the overall efficiency and effectiveness of this stage.

## Application Value

The total cost per application within the Application phase is currently estimated at \$356,412. Whilst this is an increase per application of 82.4% from the EOI phase, this is expected. Within this phase, six different stakeholder groups engage in activities within this process. On average between these roles, there is a total of 59.4 hours spent on these activities per application, with 56% attributed to the Investment Managers. This aligns with both the qualitative perspectives and process maps due to Investment Managers undertaking the assessment and then this assessment being peer-reviewed by another Investment Manager. Programme Managers (16.8%) and Fund Managers (15.1%) are the second and third largest contributors to these hours respectively.

Whilst the split of hours between the roles aligns, whether or not

this is the optimal number of hours is unclear. Without having a clear like-for-like benchmark to compare this to, KPMG requested the number of applications that have been assessed by the external panel (defined in Appendix Two) more than once and create rework for Investment Managers. This is because the Investment Managers undertake the due diligence and develop the information that is presented to the external panel for complex projects or projects with funding levels >\$1M. The results of this analysis were that there was only one project that was formally assessed by the panel twice. Therefore, the current level of information provided and due diligence completed is sufficient to enable the panel to complete their strategic decision-making.

## Application Assessments

The process for assessing the applications is currently efficient, with KPMG observing an Investment Manager demonstrating the assessment systems and scorecard. Technical commercial SMEs may be engaged to provide input where the Ministry does not have the desired capability. The user-friendly systems enabled efficient assessment and comparison through the peer review process. It was noted that applicants can submit a large amount of supporting information as attachments. KPMG recommends that the Ministry limit the number of documents allowed to reduce the workload on Investment Managers.

The scoring system used was comprehensive and provided consistency across Investment Managers. However, KPMG identified a risk in ensuring applicants are aware of co-funding requirements. While the Ministry has robust due diligence related to co-funding during the Contracting phase, KPMG suggests increasing the weighting of this factor in the scorecard and integrating specific details into the supplementary information accompanying the scores to proactively mitigate this risk at the early stages of the decision-making process.

## Strategic Intent

Throughout the analysis, KPMG observed a focus on shifting towards larger infrastructure-type projects due to their potential for greater impact on waste minimisation. While this review did not identify any concerns, we note that generally, larger infrastructure projects require more extensive due diligence and capability. The Ministry should consistently assess the capability of its staff with the risk profile of the projects to prevent introducing additional risk.

## Council vs Standard Packages

The data provided to KPMG revealed that the average process from first contact to funding decision was 10.2 months for applicants and 4.6 months for Council packages, with the difference of 5.4 months (75.7% more time) highlighting an opportunity to learn from the efficiencies within the Council packages. KPMG understands that the pre-approved templates, descriptiveness on applications, and additional support provided to Councils are the core drivers of the decrease in time. Additionally, KPMG acknowledges that developing the specifications for Council packages requires time and resources, and there is an opportunity to investigate the root causes for the efficiencies in Council packages and potentially adopt them in standard packages.

## RECOMMENDATIONS:

4. Limit the number of supporting documents that can be submitted and increase the emphasis on co-funding verification in an application.
5. Assess at a regular cadence the levels of capability with regard to the risk profiles of projects being funded.
6. Undertake a root cause analysis to identify and implement any repeatable efficiencies from a Council to a standard package.

# Analysis of the Contracting Phase

The efficiency and effectiveness of the Contracting phase has been analysed below, coupled with opportunities for improvement recommendations.

The purpose of the Contracting phase is to complete further external due diligence, legal checks, and confirm contract agreements before funding is approved. The external due diligence is focused on the recipient organisation and its capabilities. Therefore, this step is focused on ensuring that there is sufficient governance and risk mitigation in place to distribute the fund.

Consistent with preceding phases, KPMG analysed in-depth process mapping and conducted qualitative interviews to gain an understanding of the current process of the Contracting phase. No significant areas of concern were identified. In the following section, we have detailed recommendations identified for smaller-scale interventions that could improve the overall efficiency and effectiveness of the Contracting Phase.

## Sign-Off Processes

Stakeholders mentioned that the most common cause for delay within the contracting processes was due to the number of people who were required to sign-off on the distribution of funds. KPMG was not provided with data that outlined how long the Contracting phase takes. This is because this process is not one-size-fits-all and the data would require significant commentary alongside it to interpret correctly. Instead, KPMG analysed the Ministries performance target that 80% of deeds of funding are to be executed within 6 months of the intent to proceed being received. KPMG understands that in FY22/23, 89% of deeds executed met this target, but in FY23/24, only 82% were executed within 6 months. The 7% difference is likely due to Ministry stating that delays can be on the applicant's side due to sourcing co-funding, multiparty projects agreeing legal arrangements, and that they are working with organisations such as start-ups where the contracting is more complex than established organisations such as a Council.

The Ministry has a robust sign-off process for signing off the distribution of funds. It is KPMG's view that these measures are vital to mitigate risk, ensure shared accountability, and maintain effective governance. Concerns have been raised by stakeholders regarding the low maximum funding approval threshold for some stakeholders. While KPMG acknowledges this concern, enhancing efficiency in this area is not advisable due to the associated high risk. Involving senior stakeholders in project funding approval is crucial for aligning projects with the Ministry's goals, enhancing risk assessment, and ensuring resource accountability. This recommendation only applies to funding thresholds within the decision-making process included in this review.

Supporting this, there are currently 70 active projects with a combined total of \$71.5M worth of funding, with an average project value of \$1.02M. Therefore, the average project value is more than \$1M, which requires Ministerial approval. Combining this data with the funds shifting toward larger infrastructure projects highlights the importance of maintaining this threshold for contract sign-off. Ensuring effective governance is in place will mitigate risk and would inevitably support the efficiency and effectiveness of the whole Ministry in the event of a project having complications due to lower standards of governance.

## Contracting specifics

The terms and conditions of contracts were stated as clearly setting out service specifications and project management implementation e.g. timeframes, budget, and governance arrangements. No further opportunities for efficiency or effectiveness improvements within the contracting specifics were identified.

## Post Project Evaluations

Following analysis, KPMG has found that the post-project evaluation process effectively feeds into decision-making. The comprehensive approach that allows any member of the waste investment team to propose improvements, conducting a small number of random and targeted audits on WMF projects, alongside application moderators and the independent panel considering past applications when making future decisions, ensures that subsequent decision-making is well-informed and fosters ongoing development.

## Data Capture and Visualisation

KPMG received feedback from stakeholders indicating that obtaining specific information and data requires extensive analysis due to the need to match and combine data from multiple systems, resulting in unreliable data capture. While there has been significant work completed to improve data accessibility over the last 18 months, KPMG recommends the implementation of a performance measurement framework encompassing measures of Economy, Efficiency, and Effectiveness to optimise the fund's performance and ensure the delivery of efficient and effective services to the New Zealand Public.

KPMG has also provided the Ministry with some initial measures on the following page to support informed decision-making.

## RECOMMENDATIONS:

7. Assess the cost and benefit of implementing ongoing performance metrics to have an evidence base for continuous understanding of the efficiency and effectiveness of the Ministry's operations.



# Measures of performance to monitor over time

Whilst the development of performance measures is not a part of this review, KPMG believes that a performance measurement framework that enables stakeholders to have an evidence base on the performance of the Waste Investments team would be beneficial to gain better insights on the effectiveness of the process. The following measures have been developed to understand how the waste investment process is operating. The measures should be regularly evaluated over time to track the performance of the investment decision-making process.

Area	No.	Measure:	Purpose:
Economy	1	The total management cost as a percentage of total fund	This measure provides the Ministry with a figure to track over time as the total size of the fund grows.
	2	The total cost of funding allocated as a percentage of dollar applied for	To understand the difference in applied for versus approved funding amounts.
	3	The total cost per application – measure of volume	To provide the Ministry with an understanding of how much an application costs.
Efficiency	4	Average total elapsed time to decision per application	To provide an understanding of the length of time over the decision-making process.
	5	Total resource time per application per role	To understand the time different roles spend per application.
	6	Average number of engagement points per application	To understand how frequently and at which points of the decision-making process engagement occurs.
	7	Application decline rate – post the EOI phase	To understand whether the Ministry is able to decline non-viable applications early to minimise time and resources spent on processing applications.
	8	Tech utilisation - the time avoided in having to complete manual tasks	To provide an evidence base for technology-based investments to enhance the operational efficiency.
Effectiveness	9	The total number of projects completed successfully	To understand how many projects are successful in delivering the outcomes that were stated.
	10	The total number of projects achieving milestone payments	To understand project compliance with Deed of Funding.
	11	The total number of project EOIs that match investment signals	To understand whether projects are aligned with the strategic investment signals.

*\*KPMG notes that the Ministry does not timesheet employee hours. Where there are measures that relate to the time and cost of staff, a proxy should be agreed upon and documented to enable accurate and consistent reporting.*

# Objective Two

Review back-office functions funded by the levy, with a focus on value for money, including:

- A. Collecting, distributing, and administering the levy
- B. Levy compliance, monitoring, and enforcement; and
- C. Funds administration.



# Activities within each back-office function

Below outlines a summary of the back-office functions and value delivered by Objective Two. A comprehensive list of all the activities each back-office function carries out is outlined in Appendix One.

As stated in the introduction, the levy is a charge applicable to waste at municipal and other landfills to incentivise waste reduction and to channel funds towards investments aimed at further minimising waste. Its scope and impact have progressively expanded since July 2021. As a result, the back-office functions that enable the levy to operate have experienced an increase in demand due to the increased scope. The back-office functions primarily exist to ensure the levy can be effectively managed and delivered.

The back-office functions have been categorised into three key functions. Please see the sections below for a summary of the activities each function provides.



## A. Collecting, distributing, & administering

This back-office function enables waste disposal levy management and spending reporting. The Finance team is responsible for payment reconciliation, managing milestone payments, and ensuring accurate payment matching. They also oversee quarterly levy disbursements to TAs for compliance with requirements. The Levy administrator role is responsible for all administrative tasks directly relating to the payment, management, and collection of the levy from DFOs and TAs.

Another vital aspect is the role of systems like OWLS and TAWLES. OWLS is now expanded to accommodate all classes for reporting, while TAWLES is the primary system for submitting levy spending reporting and managing plans. These systems also support Waste Minimisation Management Plan's (WMMPs) to ensure compliance with plan requirements.

Finally, Senior analysts in the Waste Operations Team work closely with systems to maintain accurate levy distribution and address incorrect payments. They also handle overdue invoicing, debt management, and manage applications through OWLS, while maintaining proactive customer management with DFOs and external service providers.



## B. Levy compliance, monitoring & enforcement

The levy compliance, monitoring, and enforcement function is essential for ensuring adherence to obligations by both DFOs and TAs. For DFOs, this involves determining their class, conducting audits of levy-liable sites, and conducting site inspections to build intelligence and cover more sites. The audit process includes facility identification, record submission, on-site audits, report writing, and sharing the final report, all based on specific criteria outlining risk variables.

Similarly, TA audits are crucial for verifying compliance with legislative obligations, reporting levy expenditures, and aligning with best practice guidelines. Senior compliance officers engage in site inspections, conduct data analysis, monitor WMMPs, oversee quarterly levy payments, and ensure that TAs adhere to their requirements. Monitoring of both TAs and DFOs is carried out through OWLS and TAWLES, with an escalation process initiated for non-compliance, and prosecution being the penalty for non-compliance. Prosecution is rarely conducted due to the high threshold of requirements.



## C. Funds Administration (Waste Investments)

The funds administration team is responsible for managing approximately \$90M worth of existing projects which contributes to the activities that are completed in this function.

The funds administration function extends across Investment Funds, encompassing all activities necessary to establish and execute the key tasks under the levy. This includes activities discussed in Objective One. The activities documented for this function have been grouped by three components which are outlined below.

Systems are responsible for platform, project, and product management that are essential in funds administration. This includes being responsible for the upkeep and support of systems, and reporting and intelligence. The Operations, Impact, and Improvement (Opsii) Team is responsible for both internal and external management regarding funds and operations. Funds Management Team are responsible for financial, programme, and team management across the waste levy. This includes status reporting, planning and resourcing, forecasting, and tracking the funding portfolio.



# Quantitative analysis to support the assessment of the functions

The data that informs the following analysis are shown below. The limitations and key insights of each table are on the right below.

Table Five: Weighting of Waste Operations Activities across Functions A and B						
Waste ops weightings provided by the Ministry						
FY	FY 22		FY 23		FY 24	
Area:	Collections	Compliance	Collections	Compliance	Collections	Compliance
Weighting	29%	71%	28%	72%	33%	67%
Weighted cost of waste ops departments (NZ\$'000)						
FY	FY22		FY23		FY24	
Total levy collected	70,101		108,812		199,615	
Levy compliance, monitoring and enforcement	1,660		2,376		1,826	
Collecting, distributing, and administering the levy	679		916		911	
Total Waste Operations cost	2,339		3,292		2,738	
Levy compliance, monitoring and enforcement	71%		72%		67%	
Collecting, distributing, and administering the levy	29%		28%		33%	
Total number of levy-liable DFOs/Operators	80		180		183	
Cost per operator	\$21		\$13		\$10	
Department cost as a % of funding	3%		3%		1%	

Limitations:

- The weighting of activities between compliance and collections is indicative and has been developed retrospectively.
- There may be slight variances in the accuracy of the Ministry's data due to the manual intervention that is required to collect data within the Ministry

Key insights:

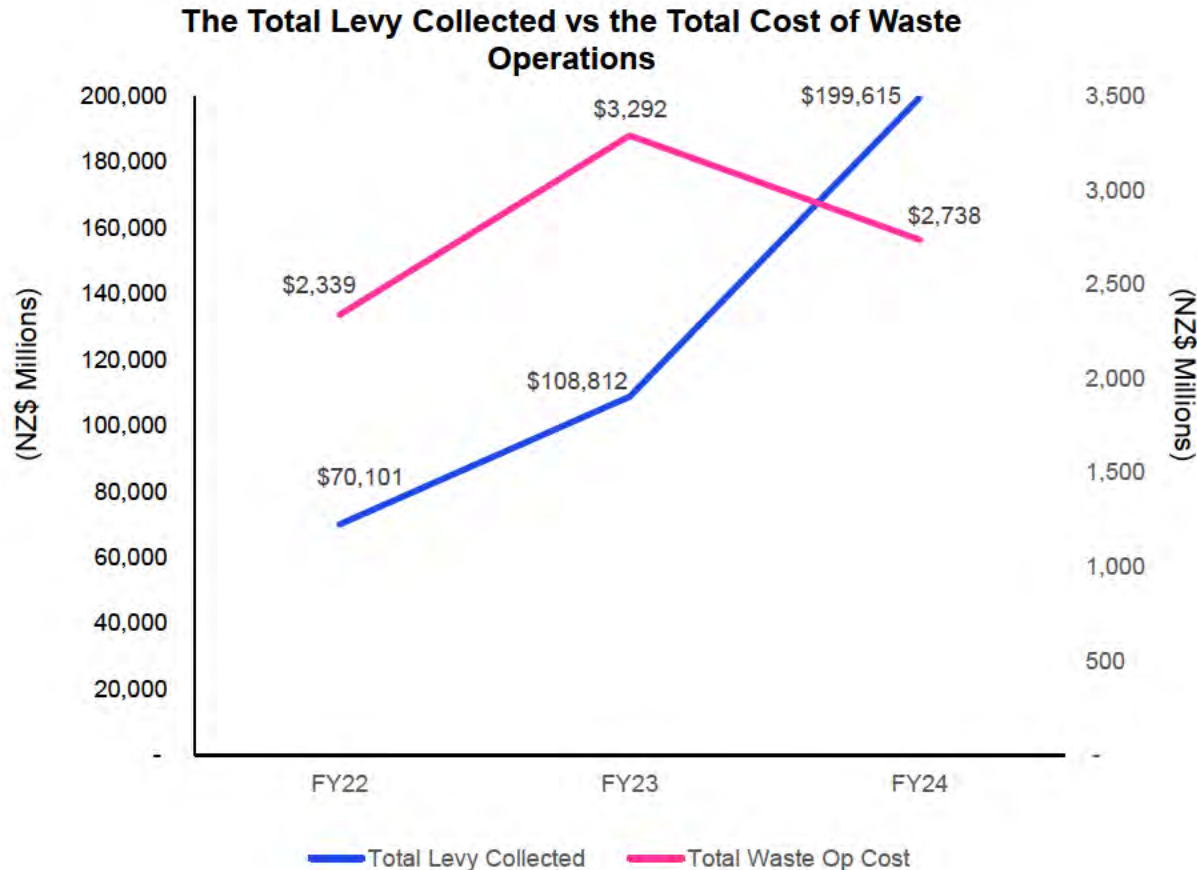
- The weighting of the total Waste Operations has shifted slightly from 29% collections and 71% compliance over the last three years to 33% collections and 67% compliance.
- The total levy collected has increased by 96% from FY22 to FY24 but the total cost of Waste Operations has only increased by 15.7% in the same time period. This is because the total number of levy-liable sites has increased from 80 to 178 from FY22-FY24.
- Consequentially, the Ministry used to spend \$21K per operator on compliance-related activities but this has reduced to \$10K (a 71% decrease).
- The departmental cost as a percentage of funding was previously 3% for both FY22 and FY23 but has decreased to 1% in FY24.
- The Ministry is currently delivering the same services to a greater number of external parties without having an increase in departmental funding at a commensurate rate which demonstrates an improvement in efficiency and productivity over time but does not quantify any risk of under-collection or non-compliance.

Source: KPMG analysis of application and salary information provided.  
Note: Total hours at each stage includes the estimated ad-hoc time for each relevant role.



# Quantitative analysis to support the assessment of the functions

The data that informs the following analysis are shown below. The limitations and key insights of each table are on the right below.



**Limitations:**

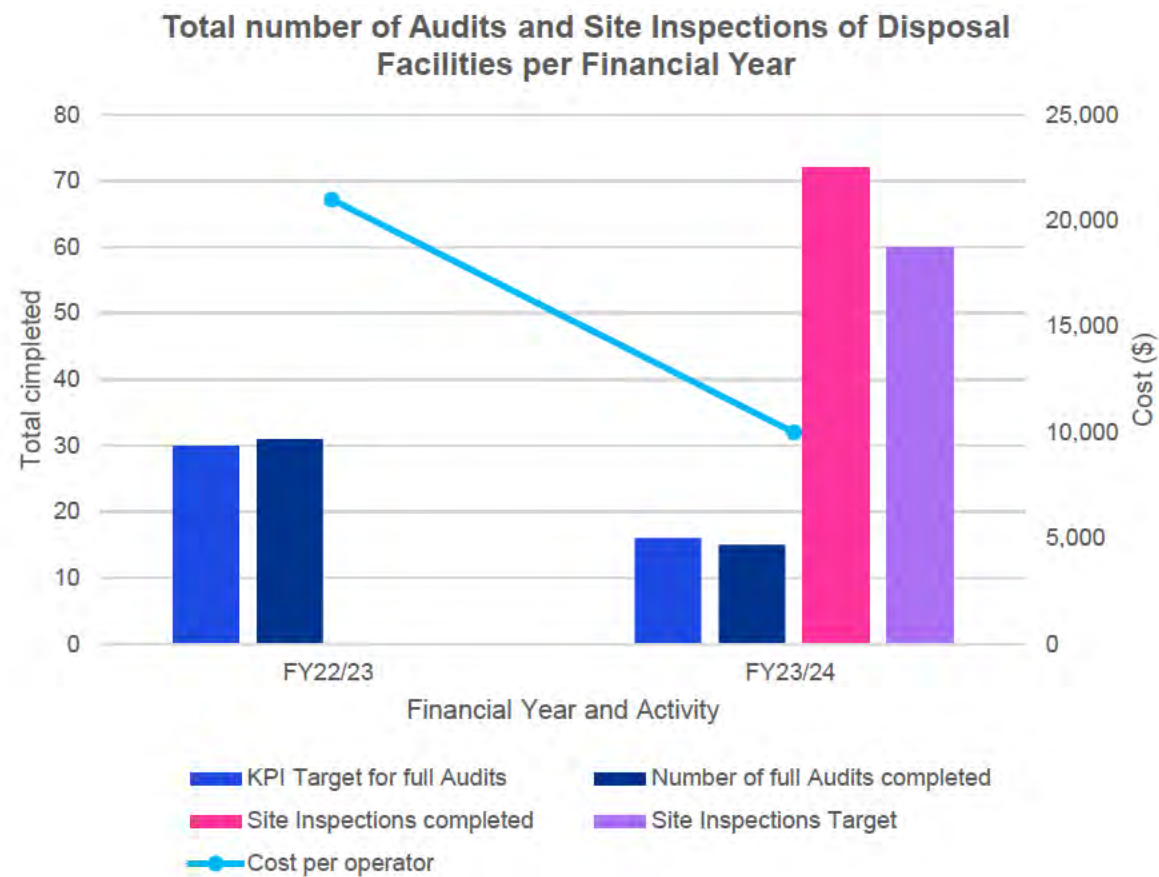
- The weighting of activities between compliance and collections is indicative and has been developed retrospectively.
- There may be slight variances in the accuracy of the Ministry's data due to the manual intervention that is required to collect data within the Ministry.

**Key insights:**

- The figure is a visualisation of the data shown in the table of the previous page. The figure shows that there has been a 185% increase in the total levy collected from FY22 to FY24.
- The rise in legislated levy amounts, along with an increase in levy liable sites, has led to a higher overall levy collection. Meanwhile, Waste Operations cost has decreased from FY23-FY24, demonstrating improved efficiency and productivity because the functions are delivering the same services to more entities without a corresponding increase in departmental funding. It is important to note that this analysis does not quantify any risk of under-collection.

# Quantitative analysis to support the assessment of each phase

The data that informs the following analysis are shown below. The limitations and key insights of each figure are below.



**Limitations:**

- The weighting of activities between compliance and collections is indicative and has been developed retrospectively.
- There may be slight variances in the accuracy of the Ministry's data due to the manual intervention that is required to collect data within the Ministry.

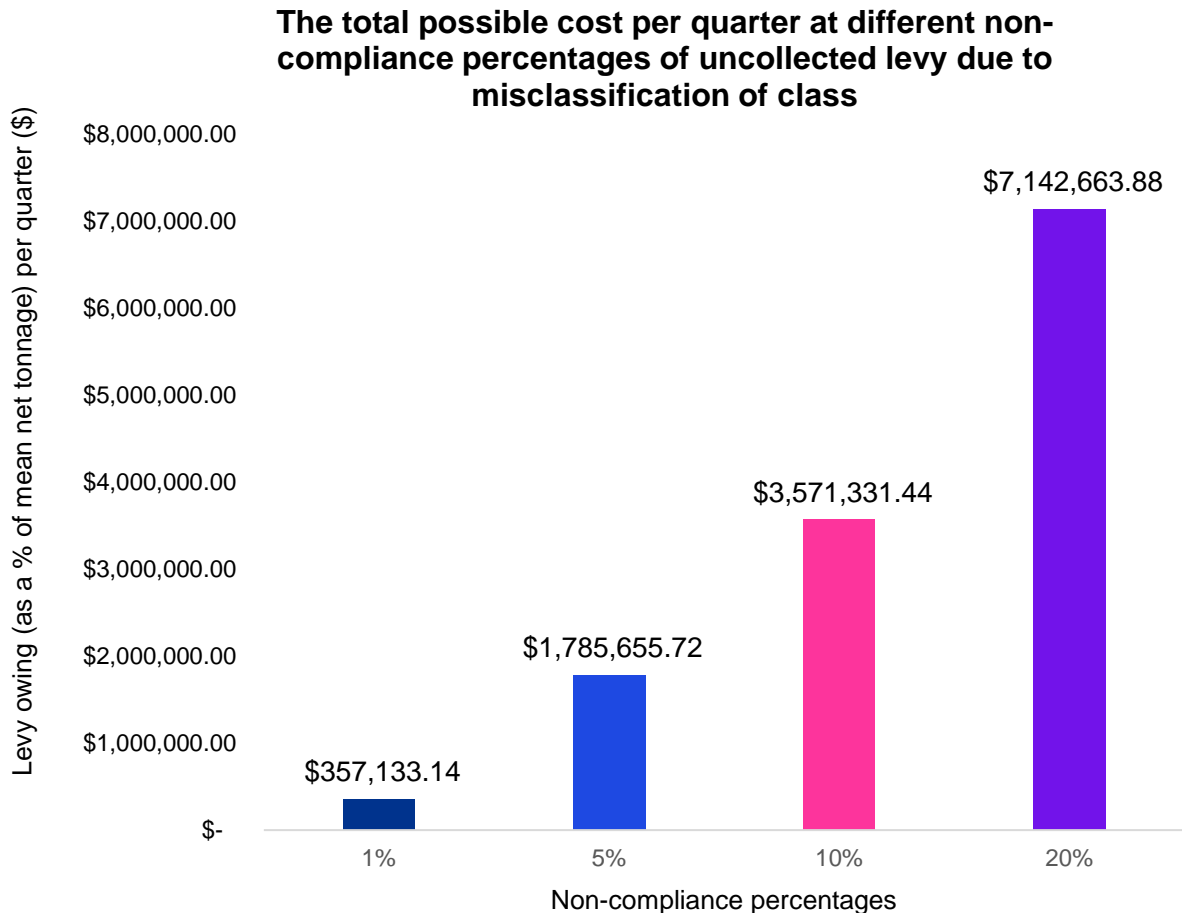
**Key insights:**

- In FY23, the Ministry completed no lighter touch site inspections but completed 31 audits when the target was to complete 30. Due to resourcing constraints, Deloitte was procured to undertake a proportion of the audits which enabled the Ministry to achieve their KPI.
- In FY24, the Ministry did not contract external audit providers and completed fewer audits than in FY23 (15 when the target was 16). The Ministry did complete 72 site inspections when the target was to complete 60.
- Within the same time period, the total compliance cost per operator reduced from \$21K to \$10k
- Therefore, this shows that with regard to DFO audits, the Ministry has either achieved the intended number of audits each financial year (FY23) or has completed one less than targeted. The Ministry has also innovated and conducted site inspections enabling them to have greater visibility of the DFOs. When this is combined with the total cost of compliance per operator, it shows that the DFO audit function is delivering value for money services.



# Risk of Non-compliance of Class 5 Disposal Sites

The majority of Class 5 sites have not been visited by the Ministry and have self-classified as non-levy-liable. This raises concerns about non-compliance, as illustrated in the figure and commentary below.



**How the data was calculated:**

- The class 5 - clean fill quarterly waste return data has been taken directly from OWLS.
- The data has been calculated based on the last 6 quarterly waste returns. During this time, there was a total of 21,427,988.63 net tonnes of waste disposed of by non-liaible registered class 5 facilities between Jan 2023 - Apr 2024.
- The mean average of the quarterly net tonnage total was calculated by the following formula: 21,427,988.63 tonnes / 6 quarters.
- This provides 3,571,331.44 net tonnes of waste disposed of per quarter across this period.
- The levels of possible compliance were then calculated by multiplying the percentage of non-compliance and then multiplying this figure by \$10 to calculate the possible uncollected levy.

**Key Insights:**

- The total uncollected levy at each non-compliance percentage is potential revenue that the Ministry may not be collecting.
- The combination of the increase in class 5 facilities from 28 in FY22 to 118 in FY24, and that the Ministry has not visited all of these sites to confirm the correct classification, creates a significant risk of non-compliance.
- Whilst the Ministry has mitigated this risk by planning to visit all sites in the next two years, the risk will exist until the site inspections have been completed. There is also the risk that there may be new sites registered in this period, which will add to the workload of the compliance, monitoring, and enforcement function.

# Funds administration function analysis

The total number of FTEs and costs of waste administration have increased each financial year. As the fund has increased in size, the waste administration function and cost of the function have had to grow to continue to deliver the services as outlined in Appendix 1.3. This function is responsible for the management of \$90 million of investments and the upkeep of Ministry systems and processes.

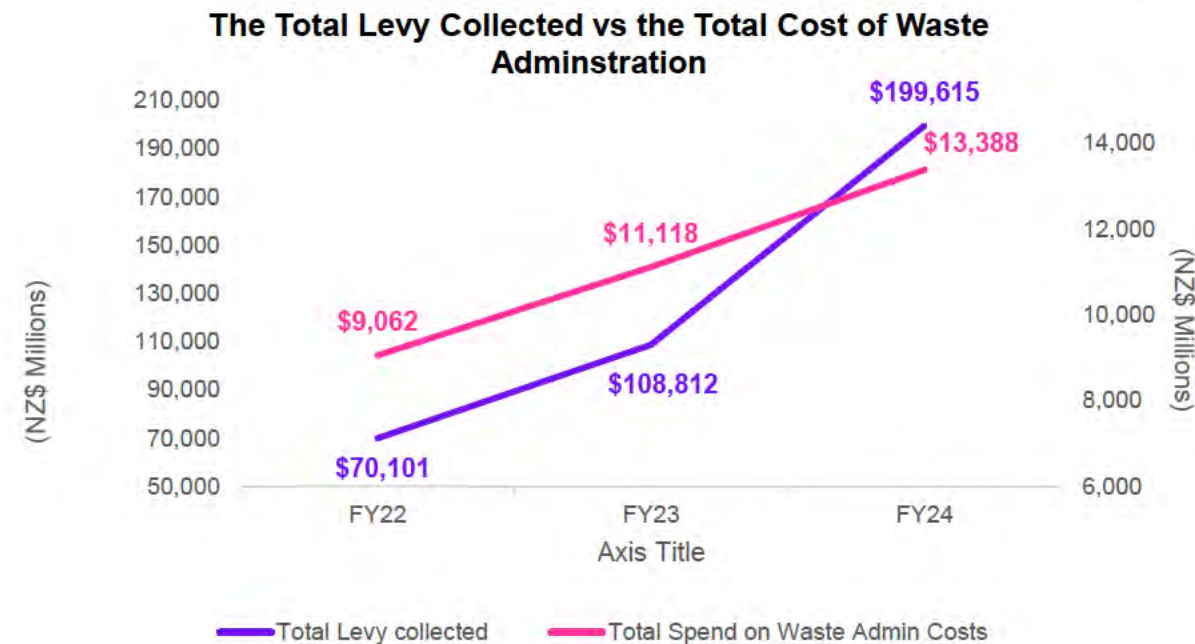
Table 6: FTE Allocations for the Funds Administration back-office function			
Team	FY22	FY23	FY24
Investment Team members	9.78	10.2	14.6
Operations, Impact, and Improvement Team (Opsii)	2.9	5.2	7.3
Management	1.75	4.7	4
Other	2.7	0	0.8
Total FTE	17.13	20.1	26.7

### How the data was calculated:

- The Operations, Impact, and Improvement team includes legal FTE and one full-time systems-focused role that started in FY23
- The 'Other' column refers to employees that were stand-alone or contracted to deliver a specific plan.
- There has been a consistent growth in levy spending on Waste Admin Costs as the levy collected has increased.
- The Waste Administration costs have been taken directly from the Reforecast of the WMF at the Budget Economic and Fiscal Update 2024.

### Key Insights:

- There has been a 42.7% increase in FTE from FY22-FY23 to support the administrative activities that enable the effective and efficient service delivery relating to the fund. The total levy collected has also increased by 185% from FY22-FY24.
- The total spend on waste administrations for Waste Investments has increased from \$9,062,000 in FY22 to 13,388,000 in FY24 which is a 38.5% increase.
- An increase in the levy collected acts as a proxy to show the increase in the size of the fund. The fund has significantly increased from FY22-FY24 and therefore, the administration costs to support both Waste Operations and Waste Investments has increased. The total cost and FTE growth each year is to be expected with the increase in size and scope of the fund.





# Assessment of Waste Operations delivery with respect to value for money

Below outlines KPMG's assessment of the delivery of functions against departmental expenditure since levy rates were increased in 2021.

The following analysis assesses each of the three functions regarding the cost, performance, and demand experienced since the levy was increased. On the following page, we have outlined the specific opportunities for improvement within the back-office functions.

## **Increase of the Levy**

Over the last three years, the levy has grown significantly in total value. In FY22, the total levy collected was \$70.1M and this has increased each financial year from \$108.8M in FY23 to \$199.6M in FY24. This highlights that from FY22 to FY24, there has been an increase of 185% in the total levy collected. Stakeholders expressed that whilst levy rates have increased, there has also been a large increase in the total number of levy-liable sites. As a result, there has been an increasing demand for back-office functions to complete the same activities each financial year.

## **Increase in demand experienced**

Stakeholders expressed a consistent sentiment that there has been a large increase in demand experienced but the funding has not increased at the same rate. In FY22, there was a total of 80 levy-liable sites and this has increased to 178 levy-liable sites in FY24. This helps to explain why the total levy collected has increased by 96% over the three financial years. Therefore, an additional 98 levy-liable sites have required back-office services to be delivered to them. With a significant increase in demand, it would be expected that the levels of funding would increase to ensure the services can be delivered to the same quality as they were when there were 80 DFOs. There has been 15% increase in the total cost to perform Waste Operations from FY22-FY24.

KPMG acknowledges that there is likely to be economies of scale with growth, but the funding has not increased at a commensurate rate to enable economies to be achieved. This illustrates that there has been a significant increase in demand without an equal increase in funding to perform the functions.

## **Performance of the compliance, monitoring, and enforcement function within Waste Operations**

Senior stakeholders expressed the feedback that they received from DFOs has remained positive as the levy has increased in size and scale. Although, TAs that engage with the TAWLES systems have expressed frustration with the processes for submitting TA Levy reports, where there is backlog of system issues and limited investment in improving the functionality. KPMG has not assessed any documentation that supports this sentiment. Customer satisfaction is however only one measure of performance.

To understand whether the back-office functions are performing optimally, KPMG has analysed the delivery against the Ministry's KPIs. Given the increase in DFOs, KPMG's main area of concern was how the Ministry was performing with regard to the monitoring of compliance. This is because the cost analysis showed that the Ministry spent \$21K per operator in FY22 but this has decreased to \$10K in FY24. In FY23, the Ministry achieved 100% of its annual KPIs in auditing both DFOs and TAs. In FY24, the Ministry however only achieved 31.25% of the Audits scheduled for TAs due to resourcing constraints. With regard to the DFOs in FY24, the Ministry adopted a new strategic approach to ensuring that they can monitor the 103 new DFOs since FY22 by introducing site inspections. Site inspections are a lighter touch audit which enables the Ministry to increase coverage and visibility of all DFOs.

In FY24, the Ministry achieved 93.75% (15/16) full audits and 120% (70 when the KPI was 60) site inspections. This has meant that the Ministry visited 46% of all the levy-liable sites in FY24.

Therefore, it is KPMG's view that the compliance, monitoring, and enforcement function has been delivering high levels of value for money. There has been a significant increase in demand experienced by this function but the funding has not increased at the same rate. Throughout this period, apart from the TA audits in FY24, the Ministry has performed well by meeting its KPIs. The Ministry has also addressed the risks of not monitoring DFOs and implemented new ways of working to minimise this risk.

# Assessment of Delivery Continued

Below continues KPMG's assessment of the delivery of functions against departmental expenditure since levy rates were increased in 2021. This is followed by the areas of opportunities for improvement for the Ministry to investigate upon the conclusion of this review.

## Performance of the collecting, distributing, and administering function within Waste Operations

The cost analysis stated in the previous page applies to this section too. This is because the total levy collected was \$70.1M and this has increased each financial year from \$108.8M in FY23 to \$199.6M in FY24. Additionally, Waste operations comprise both the collection and compliance of the levy. As a result, the collection function has also experienced the same levels of demand increase.

Throughout this analysis, KPMG was not made aware of any significant performance concerns about the collection function. On the following page, KPMG has identified opportunities for improvement to deliver more efficient and effective services.

KPMG has not assessed any KPIs that measure performance on the collection specifically, as this is what is checked by the audits in the monitoring function. KPMG has however analysed the total number of levy payments paid on time to TAs and this has been 100% for the last three financial years. Additionally, the Ministry has also achieved 100% in the last three financial years for not paying TAs where the TA fails to meet the Ministry's requirements.

Therefore, it is KPMG's view that the collection function is delivering efficient and effective services. This is because this function has experienced a significant increase in demand and has still delivered its services and met its KPIs.

## Performance of the funds' administration function (This is both Waste Operations and Waste Investments)

The funds' administration function spans across both objectives in this review. Objective one has identified opportunities for improvement across the waste investment decision-making process, where this assessment will cover the other activities carried out by this function. A comprehensive list of all activities completed by this function is outlined in Appendix 1.3.

The funds administration function has grown in both size and number of activities delivered from FY22-FY24. Table 7 demonstrates an increase in full-time equivalent (FTE) positions within the funds administration over the past three fiscal years, with an additional 9.57 FTE from FY22 to FY24, signifying the expansion of the funds and activities within this function. Table 8 supports this trend, depicting a rise in total spending on Waste Administration costs per fiscal year, escalating from \$9.06 million in FY22 to \$13.38 million in FY24. With the consistent and anticipated growth of the fund, the activities that support and enable the fund are projected to expand, thereby generating greater levels of demand for the funds' administration team.

The systems employed by the funds' administration function have posed challenges for both front-end and back-end users. However, significant improvement has been noted since 2021, despite substantial backlogs of issues with minimal allocated funding for enhancement in TAWLES and OWLS. KPMG was informed that some of the issues are regarding data warehousing and the manual process required to extract data from various applications. Both TAWLES and OWLS are a core component that supports and facilitates the delivery of activities discussed in Appendix 1.3.

Improving and enhancing the systems would likely enable the Funds Administration to complete their activities more efficiently and effectively especially as the fund is likely to continue to grow in size.

The Ministry has a KPI of 'The Percentage of completed Waste Minimisation Fund projects that have achieved a minimum of 80% of the stated objectives' which acts as a proxy for performance of the Funds Administration function. The fund administration function has been operating effectively but appears to have a drop each year in the performance of the WMF projects that achieve 80% of the stated objectives. In FY22 it was 90%, in FY23 it was 80% and in FY24 it was 60%. This is not a direct measure of performance and the performance may be being influenced by non-controllable factors. Nevertheless, the decrease each financial year should be investigated to understand the root causes.

The function has also undertaken and completed continuous improvement functions to ensure they are operating efficiently and effectively. There have been four internal and three external continuous improvement projects since 2021. These projects have enabled the function to ensure they are regularly improving and striving to deliver good value for money services.

Although KPMG did not have access to detailed process maps for activities within the funds administration back-office functions, the analysis of provided documents and conducted interviews leads KPMG to believe that the funds administration back-office function is currently operating efficiently within the current level of funding from a value for money perspective.



# Opportunities for Improvement

Throughout assessing the performance of each back-office function, KPMG has identified four main areas for improvement within the back-office functions.

## 1 Single Points of Failure

Within the collection function, KPMG identified that there are two single points of failure risks. As stated on page 24 and outlined in depth in Appendix 1.1, the levy administration role performs multiple activities. There is currently only one FTE who is completing this role which results in a single point of failure if this staff member is not working. This is also the same for the Platforms Manager role where there is only one FTE. The risk is also heightened as the role is experiencing an increase in demand, interacting with outdated systems, and currently has limited funding to be able to be resourced to a greater extent.

KPMG recommends that the Ministry should investigate resourcing the levy administrator and platforms manager roles with an additional FTE to effectively mitigate the single point of failure risk.

## 2 System and user experience improvements

The two primary systems that the back-office functions use to collect and track compliance with the levy are OWLS and TAWLES. There was a persistent sentiment among stakeholders that there are issues with the systems not being fit for purpose. This is supported by there currently being 36 open issues with TAWLES and a further 80 backlog issues within OWLS. Stakeholders expressed that the reason for this is that there has only been investment to meet regulatory requirements rather than improving the functionality.

Specifically, OWLS was originally created for only Class One facilities but has since been expanded to multiple other classes. This has been evidenced by stakeholders expressing that OWLS results in an increase in manual work, as well as a lack of contact management functionality, where Excel spreadsheets and client folders are relied on to manage information on sites. KPMG acknowledges that it may appear as if the benefit of investing in upgrades to the functionality of systems may only impact the day-to-day activities of a limited number of staff however, the benefit is rather the risks of that occur with poor workflow management are minimised.

KPMG recommends that the Ministry investigates the costs and benefits associated with improving the functionality of systems to deliver a greater user experience to both Ministry staff and external users.



# Opportunities for Improvement

Throughout assessing the performance of each back-office function, KPMG has identified four main areas for improvement within the back-office functions.

## 3 Documenting the risks of monitoring

As discussed within the compliance function, there has been a significant increase in levy-liable sites which has affected how the DFO audit process is completed. KPMG has not assessed the maturity of this function since the increase specifically.

Due to the increase in sites, KPMG recommends that the Ministry document how the Ministry proposes to mitigate the risks of non-compliance. Whilst the addition of a site inspection is an innovative solution, the Ministry should document its plans to assess the levy-liable sites and the frequency of assessment. This is because site inspections carry more risk compared to full audits, as they are not as extensive. KPMG acknowledges the presence of a compliance, monitoring, and enforcement (CME) strategy, but this has not been reviewed as part of this review. Moving forward, it will be important for the Ministry to develop the mitigating the risks of monitoring document and for this to be aligned to the CME strategy to ensure there is a joined up approach to risk mitigation.

9(2)(b)(ii) [redacted]  
Please see Appendix Two for a in depth description of the class system. In FY24, there are currently 118 Class Five sites that exist. 9(2)(b)(ii) [redacted]

KPMG recommends that the Ministry develops a risk assessment and mitigation strategy for DFO compliance to provide transparency and accountability for work programme and resource allocation.

## 4 Performance measurement

Similarly to Objective One, KPMG has experienced the difficulty of gathering data on demand to demonstrate the performance of the back-office functions. Due to resourcing constraints, the Ministry has not produced their Performance Monitoring Framework report since FY21/22. Therefore, there is an opportunity to reprioritise the performance measurement framework and prioritise this reporting moving forward.

KPMG recommends prioritising a refreshed performance framework to support reporting, communication, and progress reporting to ensure the Ministry can understand if they are delivering effective and efficient services.



# Measures of performance to monitor over time

Similar to Objective One, KPMG has provided an initial list of measures that would support the Ministry to understand how the back-office functions are operating. The measures should be regularly measured over time to track the performance of the investment decision-making process.

Area	No.	Measure:	Purpose:
Economy	1	The total cost as percentage of total levy collected	To understand how the percentage of costs that are spent on back-office functions as the levy continues to grow.
	2	The total cost to collect per class/\$ collected	To understand the difference in the cost to collect of different classes.
	3	The total cost per operator	To understand the split of costs per operator.
	4	A compliance cost ratio – cost of compliance as a percentage received	To understand the cost of compliance activities with regard to how total costs received.
	5	The total cost of non-compliance/lost revenue	To understand how much revenue is being lost due to non-compliance.
Efficiency	6	Percentage of fees collected on time	To understand the percentage of fees that are not paid on time.
	7	Average time to meet compliance	To understand how long it takes for a site to remedy their non-compliance.
	8	Arrears reduction - percentage of outstanding fees over time	To understand the trend of outstanding costs over time
	9	Compliance productivity – Number of activities completed per person	To understand the split of activities completed per role per area.
	10	Tech utilisation – amount of manual activity avoided	To understand how the Ministry is best effectively using technology to drive efficient and effective services.
Effectiveness	11	Outsourcing savings – the cost of outsources activities vs in house to achieve compliance	To understand if the Ministry could achieve efficiencies through outsourcing.
	12	Prevention Ratio – cost of prevention compare to cost of compliance.	To understand if investing in prevention upstream enables costs to be saved downstream within compliance activities.

*\*KPMG notes that the Ministry does not timesheet employee hours. Where there are measures that relate to the time and cost of staff, a proxy should be agreed upon and documented to enable accurate and consistent reporting.*



# Ngā mihi

## Contact Us

**James Poskitt**  
Director  
Management Consulting  
Wellington  
[jposkitt@kpmg.co.nz](mailto:jposkitt@kpmg.co.nz)  
+64 4 816 3272

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# Appendix One

Comprehensive list of activities for Objective 2



# 1.1 A detailed list of activities within each back-office function

## A. Collecting, distributing, and administering the levy

Component	Detail of activity:	
<b>Finance</b>	<ul style="list-style-type: none"> <li>• Payments reconciliation.</li> <li>• Provide daily waste levy payment received information to Deloitte.</li> <li>• Managing project Budget spreadsheets in FMIS – For budgeting, project milestone payments and accruals calculations.</li> <li>• Managing projects milestone payments including quarterly payments to TA's upon receiving approvals from delegation holders.</li> <li>• OWLS system interaction.</li> <li>• Monthly reconciliations of Ageing Debtors balance and matching of payments between invoice and calculated amounts.</li> <li>• Forecast adjustments to the Waste Levy related appropriations.</li> </ul>	
<b>Levy Administrator</b>	<ul style="list-style-type: none"> <li>• System (OWLS) and customer management to meet legislative requirements (correct amount of levy is paid).</li> <li>• Engagement contact for the regulated community via phone and levy admin inbox for queries. Can come directly from regulated community or via OWLS team.</li> <li>• Waste returns liaison with the service provider - Assessment and advice on waste return submissions.</li> <li>• Estimation process to set deadlines - Estimation process has strict deadlines under the regulations. Obligations of the levy collector to meet statutory timeframes.</li> <li>• Dealing with applications accordingly through OWLS. E.g. annual returns, DFO pays their levy, weighing systems, site registration, class changes, and waivers. Applications all have strict deadlines and requirements under the regulations. Obligations of the levy collector to meet statutory timeframes for decision-making: <ul style="list-style-type: none"> <li>• Annual return applications.</li> <li>• Storage time extensions.</li> <li>• Payment extensions.</li> <li>• Waste return extensions.</li> <li>• Site Class Change.</li> <li>• Waiver - section 29 (1) (a) and (b) applications.</li> <li>• SWERLA applications (exemptions, waivers, time extensions).</li> </ul> </li> <li>• Record keeping and information management of documentation for all facilities in SharePoint and OWLS.</li> <li>• Other regulatory strategy tasks: Policy/legal advice and management, interpretation of the act, improvements (shared).</li> <li>• SME responses to: ministerial, OIA responses, media requests, or parliamentary questions. Management of: overdue invoicing, debt management, amendments to waste returns, and new reporting requirements for Activity Category reporting (ACR).</li> <li>• Management of: overdue invoicing, debt management, amendments to waste returns, and new reporting requirements for Activity Category reporting (ACR). Includes follow up phone calls before the due date and post due date(waste returns and ACR reporting).</li> <li>• User acceptance testing and maintenance on systems. As the SME on levy collection services, our business processes and the function of OWLS this role is critical in the performance of User Acceptance Testing.</li> <li>• Data Analysis of OWLS information to provide evidence for the wider Waste Team.</li> <li>• SME providing training for OWLS.</li> <li>• Admin inbox to send queries that come through, both levy admin and waste related queries.</li> <li>• SME input for policy development projects and reporting such as: waiver framework, ERP reporting, and Green House Gas inventory reporting.</li> <li>• Predominately first point of contact with sector. Understand what is happening on-site. Collation of intelligence from regulated community. Including improvements to the system.</li> <li>• Deloitte relationship management -Weekly, Fortnightly and monthly relationship and operational meetings. Ongoing continuous improvement of processes and to mitigate emerging risks.</li> <li>• Overseeing and supporting the levy distribution.</li> </ul>	
<b>Technology Systems</b>	<ul style="list-style-type: none"> <li>• Supplier management of internal and external system- Commercial contract management and administration activities - negotiations, implementation, relationship management, governance/contract compliance, contract changes, value &amp; benefits realisation and financials.</li> <li>• Systems / product ownership and management - Platform management for OWLS and TAWLES. Leadership of all development and enhancement initiatives, backlog and roadmap creation and maintenance, and security requirements. Lead the procurement of new / additional systems and services. Customer and internal escalation point for all IT systems related issues. Responsible for all budgets and financial matters relating to levy IT systems.</li> <li>• Project/Programme management for system change and implementation.</li> <li>• Business Analysis In the absence of an IT BA resource, works with SME's and stakeholders within the Ministry to define business requirements for enhancements, business requirements, and improvements. Design, implement and document the work instructions, processes and procedures for levy IT systems.</li> <li>• IT service design and strategy - Define and develop IT system services and strategies, e.g. for replacement, renewal, new systems.</li> <li>• Systems Testing Management - Perform / manage User Acceptance Testing for all releases. Heavily reliant on frequent system users - SME's within Levy Admin (not out sourced).</li> </ul>	



# 1.2 A detailed list of activities within each back-office function

## B. Levy compliance, monitoring and enforcement

Component	Detail of activity:	
DFO	<p>Two products can be delivered, a full Audit and an inspection:</p> <ul style="list-style-type: none"> <li>Facility identification – deciding what landfills are a part of the year's audits/inspections.</li> <li>Engagement with DFO and pre-advice – options are given for an on-site vs remote audit.</li> <li>Data and records analysis.</li> <li>Travel to DFO – includes logistics and cluster visit planning.</li> <li>Execution of onsite visits - this will occur for both inspections and audits.</li> <li>Draft report written, amended if needed, and shared.</li> <li>Final report issued.</li> <li>If compliance issues exist, this is escalated, and the issue is monitored. Low level issues handled by DFO team, medium/high escalated but DFO still involved.</li> <li>Provide SME advice / input into policy work e.g. fact sheets / guidance docs.</li> <li>Provide SME advice / input into policy work via data analysis and sector trends.</li> <li>Sector engagement i.e. attendance at quarry conferences, wasteminz.</li> <li>Compliance audits conducted on external recipients of deeds of funding.</li> </ul>	<ul style="list-style-type: none"> <li>Create new processes and procedures as regulations change - Where changes are made that increase potential for prosecution, DFO team need to change or create processes that account for this and mitigate any legal risk.</li> <li>SME input to OIA's/Ministerial/ Media requests/Parliamentary questions.</li> <li>Design and issue compliance/warning letters, and support policy framework.</li> <li>Provide SME advice / input into policy work e.g. fact sheets / guidance docs.</li> <li>Engage with legal to seek clarification and internal Ministerial positions - Seek internal legal advice and position on matters identified within referrals.</li> <li>Sector engagement i.e. meet with regulated parties to advise of their regulatory obligations - Primarily during waste levy expansion phase. Continue to meet with regulated parties where necessary.</li> <li>Data reporting for compliance - All referrals and subsequent compliance actions are recorded within the compliance spreadsheet (Power BI, providing data to manager).</li> <li>Undertake policy implementation work.</li> <li>Management of internal reporting tools – daily engagement with KPI reports/inspection schedules.</li> <li>Performance monitoring, policy/legal advice and management, delegation and warrant management (shared).</li> </ul>
Escalations	<ul style="list-style-type: none"> <li>Receive escalations from the DFO team, referrals across all workstreams, and via the public (ABN tool). Priority Assessment Matrix contained within the Compliance Response Investigation Manual assists with giving the referral a priority.</li> <li>Case management set up of issue.</li> <li>Desktop analysis - Review of the material received, available information online, and the completion of the Compliance Assessment Guidance form to assess next steps.</li> <li>Investigation plan development, what are the risks, outcomes and what are the offences. Plan provides for the scope of the investigation, background information, statute of limitations, risk identification, potential witnesses, task allocation, evidence matrix (elements of the offence).</li> </ul>	<ul style="list-style-type: none"> <li>Execution of an Investigation- Investigation plan is continually updated. Investigation report is drafted and submitted for managerial endorsement upon completion with recommended action.</li> <li>Decision referred to enforcement decisions group - EDG must endorse a course of action.</li> <li>Levy recovery - Officer in charge notifies the party involved, then notifies the Levy Admin team, who in turn instruct the OWLS team to make the necessary amendments to returns.</li> <li>Prosecution (not commonly used).</li> </ul>
TA	<ul style="list-style-type: none"> <li>Audit program - planning, executing, and reporting of audits assessing whether TAs comply with their legislative obligations: levy expenditure requirements, WMMP adoption and review requirements standards; and voluntary reporting and best practice.</li> <li>Monitoring of WMMPs - 67 TAs required to review their Waste Management and Minimisation Plans within the six-year statutory timeframe (includes engagement with TAs ahead of the due date and collection of evidence).</li> <li>Overseeing and supporting the levy distribution – every quarter the ministry must distribute the levy money to TAs, given they are obliged to their requirements of reporting.</li> </ul>	<ul style="list-style-type: none"> <li>TAWLES – The team is responsible for monitoring and ensuring the upkeep of the online systems that TAs use to report on their waste levy expenditure. Also includes responding to TA queries, identifying technical issues and request enhancements to the service provider.</li> <li>Design of monitoring programme for kerbside recycling, collection of evidence, and engagement with non-compliant TAs.</li> <li>Implementing data reporting obligations for TAs. SME input for implementation projects (including factsheets, sector engagement, system requirements).</li> <li>Ongoing BAU – compliance checks, education, website content, responding to TA inquiries, relationship-building, and reporting to the Deputy Secretary.</li> </ul>

# 1.3 A detailed list of activities within each back-office function

C. Funds Administration		
Component	Detail of activity:	
Systems	<ul style="list-style-type: none"> <li>Platform management of the Enquire Funds Management System - Tactiv contract management, business relationship management, service level agreement monitoring, security and compliance with internal IT.</li> <li>Product management of the Enquire Funds Management System - Deep system subject matter expertise, System roadmap, System enhancements, Self-configuration, issue resolution.</li> <li>Systems analysis/testing/configuration and release management.</li> <li>System and process support via 'helpdesk teams chat', Enquire ticket support, and individual queries from the investment teams.</li> <li>Improved data access - Procurement, design and implementation of data pipeline and data warehouse with Tactiv, internal data specialists and IT.</li> </ul>	
Operations, Impact, and Improvement Team (Opsii Team)	<ul style="list-style-type: none"> <li>Contract management of external suppliers - subject matter experts, external panel, Grant Thornton.</li> <li>Continuous improvement register and key documents register monitoring and management.</li> <li>External and internal guidance including internal process mapping and documentation.</li> <li>Evaluation - Surveys and interviews with funding recipients, case studies.</li> <li>Fund coordination - meeting scheduling (incl. Pre-EOI calls), funds inbox management, PPSR management.</li> <li>External communication e.g. EDMs, website updates, presentations.</li> <li>Training - developing and delivering training including induction materials (internally and externally).</li> <li>Reporting and intelligence - Data clean up and QA, project completion and post project reporting, KPI reporting (Ministry annual report), ad hoc reporting requests, pipeline/portfolio reporting, post project reporting, internal Power BI dashboarding, external funding map and snapshot page, financial and non-financial reporting for treasury, emissions reduction plan reporting.</li> </ul>	
Funds Management	<ul style="list-style-type: none"> <li>Business analysis to inform and design process and systems improvements.</li> <li>Implementing continuous improvement changes (next step after business analysis).</li> <li>External and internal stakeholder engagement / relationship management - external e.g. other Ministries, WasteMINZ; internal with other core teams at the Ministry e.g. Waste policy, other investment teams, Finance, legal, communications, People, Ministerial services, IT.</li> <li>Implementing new funds/funding streams and/or investment signals - project management, external comms and guidance, assessment tools, form development.</li> </ul>	
	<ul style="list-style-type: none"> <li>Project (investment) management - management of active waste investment projects including data entry, milestone reporting (assessment and approvals), site inspections, change control/deed variations, internal reporting, project completion and post project reporting.</li> <li>Financial management - budgeting, forecasting, tracking of funding availability and funding portfolio.</li> <li>Programme management - risks/issues management, status reporting, business planning and resourcing.</li> <li>Team management and development.</li> <li>Investment strategy and planning.</li> <li>(All) Responding to OIA and information requests, Ministerial meeting notes and other Ministerial briefings, team and Ministry wide meetings and training. Also support, engagement and maintaining connections with waste policy teams.</li> </ul>	



# Appendix Two

Definitions



# 2. Definitions

## Council Packages

When referencing 'Council Packages' throughout this report, KPMG is referring specifically to kerbside organics services (as well as a small number of dry recycling kerbside services) that are eligible for the WMF and go through the decision-making process. This does not include all Council Packages offered through the Ministry.

## OWLS

The OWLS (Online Waste Levy System) is the main online system that allows for DFOs to complete all reporting activities. It allows for DFO's to register, submit returns, apply for extensions, waivers and refunds, as well as submit all reporting requirements online.

## TAWLES

TAWLES (Territorial Authority Waste Levy Expenditure System) is an online portal which enables TAs to provide information to the ministry about their waste levy expenditure. This includes information and management of Waste Minimisation Management Plans (WMMP).

## EXTERNAL PANEL

The external panel referred to throughout this report regards to the Waste Investment Panel. The panel plays a key role in the assessment process for both the Waste Minimisation Fund and the Plastics Innovation Fund. The Waste Investment Panel provides strategic assessment for large applications to both funds and recommendations to the ministry. The panel considers applications requesting funding of \$1 million or more, as well as complex or higher risk applications.

## CLASS SYSTEM

The class system used throughout this report reflects the different types of facilities, their levy obligations, and their reporting obligations. These are as follows:

Class 1 – Municipal disposal facilities, levy applies.

Class 2 – Construction and demolition facilities, levy applies.

Class 3 and 4 – Managed or controlled fill disposal facilities, levy applies.

Class 5 – Cleanfills, levy does not apply.

There are also industrial monofills and transfer stations where the levy does not apply. For more information on levy amounts or reporting standards, please look to the Ministry for the Environment website.