

s 9(2)(a)

Radio New Zealand Limited

s 9(2)(a)

Tēnā koe s 9(2)(a)

I refer to your official information request dated 5 March 2018 for:

"A copy of the advice MfE supplied to MBIE on the West Coast's proposed waste to energy plant on 21/22 Feb.

A copy of the advice the Ministry supplied to the former Environment Minister Nick Smith on the waste to energy project.

A copy of any internal/external correspondence from 2017 discussing Mr Gallagher being subject to SFO/SSC enquiries"

The attached table lists the documents which contain information in scope of your request and notes any OIA provisions that have been applied.

A single email containing information comprising the Ministry's advice to MBIE is released in full and is enclosed.

Two briefing notes containing the Panel's advice to the former Minister for the Environment are released in part. The information being withheld is in relation to Section 9(2)(a) of the Official Information Act (OIA), to protect the privacy of natural persons. I do not consider that public interest outweighs the need to withhold this information.

We were unable to find any internal or external correspondence during 2017 in relation to the investigation by the Serious Fraud Office (SFO) and State Services Commission (SSC) on Mr Gallagher, former Director of Renew Energy, and therefore do not have anything to release.

Under section 28(3) of the OIA, you have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

If you wish to discuss this decision, please feel free to email me at Shaun.Lewis@mfe.govt.nz.

Nāku noa, nā



SHAUN LEWIS

Director, Mana Honohono Partnerships and Investments

List of documents

Document no.	Document date	Content	Decisions	OIA sections applied
1	2 February 16	Briefing Note: Waste Minimisation Fund recommendations (16-B-00095)	Released in part	S9(2)(a)
2	16 February 17	Briefing Note: Waste Minimisation Fund recommendations (16-B-03673)	Released in part	S9(2)(a)
3	21 February 18	Email: IN CONFIDENCE: Waste to Energy project	Released in full	N/A



To: Hon Dr Nick Smith, Minister for the Environment

Waste Minimisation Fund recommendations

Other Dept Tracking Number:		MfE Tracking Number:	16-B-00095
Date Submitted:	2 FEB 2016	MfE Priority:	Non-urgent
Security Level:	IN CONFIDENCE	Number of Attachments:	Three
Action Sought:	Approval	Response Needed by:	25 February 2016

Ministry for the Environment Contacts

Position	Name	Telephone		1st Contact
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Executive Summary

1. This briefing note seeks your decisions on applications for funding to the October 2015 round of the Waste Minimisation Fund. This round focused on securing markets for end-of-life tyres but was also open to applications that met the eligibility criteria.
2. The Ministry received 43 eligible applications requesting a combined \$42.3 million in funding towards total project costs of approximately \$116.7 million. Twenty-five applications were focused on tyres.
3. The statutory decision making power to award funding to waste minimisation projects rests with you as Minister for the Environment under section 38 of the Waste Minimisation Act 2008.
4. We recommend funding 16 applications (12 of these are tyre specific projects), up to a maximum of \$7.6 million towards total project costs of over \$36 million. We also recommend declining the remaining 27 applications.
5. Following your decisions, we will:
 - advise both successful and unsuccessful applicants of the outcome
 - enter into negotiations with successful applicants to agree on the final scope of the project plan and conditions of the deed of funding
 - advise you of opportunities to announce the successful applicants.

Background

6. The Waste Minimisation Fund (WMF) was established under the Waste Minimisation Act 2008 (the Act). The Act's purpose is to encourage a reduction in the amount of waste generated and disposed of in New Zealand in order to protect the environment from harm and provide economic, environmental, social and cultural benefits.
7. Under the Act, a \$10 per tonne (excluding GST) waste disposal levy is applied to all waste disposed of at the 48 landfills that accept household waste. The WMF is funded from a portion of the levy collected. Approximately \$13 million is available annually to fund waste minimisation projects.
8. The amount of funding available for WMF projects is based on the amount of levy revenue collected, less the amount committed to WMF projects. At 31 December 2015, the amount available was \$14.3 million.
9. To date over \$65 million has been awarded to more than 120 projects. Funding has been primarily allocated to projects via contestable funding rounds. A number of other projects have been funded outside the contestable funding rounds, for example the TV Takeback programme and the KPMG report investigating the barriers to tyre recycling in New Zealand.

The application assessment process

10. Under section 38 of the Act, the statutory decision making power to award funding to waste minimisation projects rests with you as Minister for the Environment. However, an independent panel convenes prior to your decision to assess all applications against the WMF Criteria (Appendix 1). The Criteria covers the extent to which projects will minimise waste to landfill and reduce harm to the environment as well as the applicant's demonstrated ability to deliver the project.
11. In 2014 the previous Minister for the Environment appointed the current WMF assessment panel (the panel) for a three year term. The appointed panel has expertise that covers waste, business, legal and finance sectors. For the October 2015 round the panel was made up of four external voting members, two Ministry voting members and a non-voting chair (provided by the Ministry).

Situation Analysis

Targeted funding round – October 2015

12. In May 2015, KPMG completed their report investigating barriers to tyre recycling in New Zealand. KPMG's analysis highlighted that the recovery of tyres for recycling in New Zealand is hampered by three principle barriers:
 - I. limited markets for recycled products;
 - II. business model requires scale – no local track record for alternative end uses for recycled products and businesses require large up-front capital investment; and
 - III. insufficient funding in the absence of markets – consumers pay a sufficient disposal fee but tyre retailers are not passing this on to the collectors and processors, instead seeking the cheapest form of disposal and retaining the remainder of the disposal fee as profit.
13. We provided advice to you in July 2015 (Briefing Note 15-B-01212) recommending you agree to target funding towards growing markets for using end-of-life tyres through the

WMF. Following your approval the funding round was open for applications from 21 October to 11 November 2015.

14. Specific guidance was provided to applicants on the Ministry website explaining that we were looking for “*applications focussed on securing markets for end-of-life tyres. These applications must meet the following requirements:*”

- *Applications for investigative projects (e.g. research or trials) must demonstrate how the project will grow markets for end-of-life tyres, either by expanding existing markets or establishing new outlets for end-of-life tyres or tyre products.*
- *Applications for all other projects (e.g. infrastructure) must demonstrate that the supply of tyres and associated end markets are confirmed.”*

15. Although targeted towards tyres, the funding round did not exclude other applications that met the WMF criteria. The Ministry received 43 eligible applications, requesting a combined \$42.3 million in funding. Twenty-five applications were related to tyres, requesting up to \$34.4 million. A breakdown of the application types is provided in Table 1 below, with further details available in appendices 2 and 3.

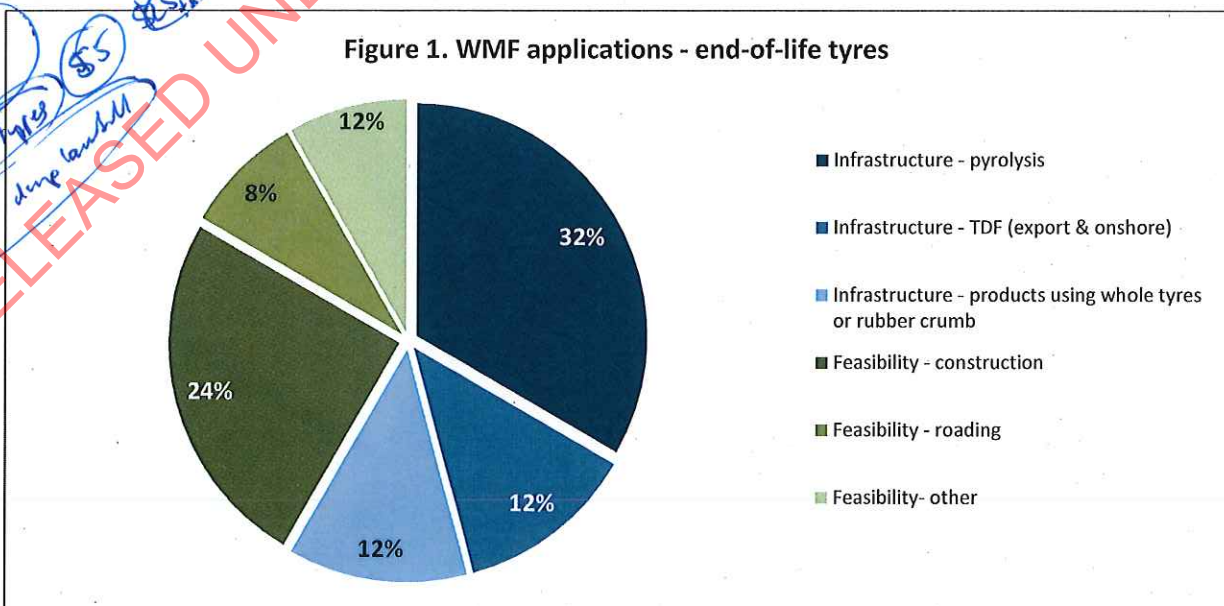
Table 1 - Targeted WMF Round – October 2015

Waste Stream	Application Type	Applications Received	Total WMF requested*
Tyres	Feasibility or investigative	11	\$1,150,000
	Infrastructure or Services	14	\$33,275,000
Other	Education and awareness	3	\$844,000
	Feasibility or investigative	4	\$422,000
	Infrastructure or Services	11	\$6,641,000
TOTAL		43	\$42,332,000

*rounded to nearest \$1,000

16. Of the 25 tyre applications received, 11 were for Feasibility or Investigative projects and the remaining 14 were for Infrastructure or Services projects. These can be broken down into six main categories (see Figure 1 below).

Figure 1. WMF applications - end-of-life tyres



Advice

17. The panel assessed all 43 applications and recommends funding 16 applications (Appendix 2) and declining the remaining 27 applications (Appendix 3). Of the applications recommended for funding, 14 will have specific funding conditions and/or reduced funding. The panel also recommended combining two applications from the same organisation into one project – making a total of 15 projects recommended for funding.
18. The panel reached consensus on all its recommendations and we consider that the panel undertook a rigorous assessment of applications, including full consideration of the WMF criteria.

Tyre Feasibility applications recommended for funding

19. The Feasibility applications were required to 'demonstrate how the project will grow markets for end-of-life tyres, either by expanding existing markets or establishing new outlets for end-of-life tyres or tyre products'.
20. Feasibility studies recommended for funding include the Fulton Hogan application which is working on developing stable binders and reducing odours to allow use of rubber crumb in roads. This application also aligns well with the New Zealand Transport Agency (NZTA) report recommendation on tyre-derived rubber in roads – published November 2015. Three applications from Scion are recommended for funding. One of these also relates to using tyre rubber in roads, which may have synergies with the Fulton Hogan project. The second one proposes using rubber in medium density fibreboards (MDF), and the third study looks to develop a building product that will improve acoustic properties. Waiariki Institute of Technology has two applications recommended for funding. One aims to research the use of tyre rubber in permeable driveway matting, and the second application is to assess the feasibility of using tyre rubber in thermal insulation for buildings. These two applications are recommended to be rolled into one project.

Tyre Infrastructure or Services applications recommended for funding

21. The Infrastructure or Services tyre applications were required to 'demonstrate that the supply of tyres and associated end markets are confirmed'. These applications fall into three broad categories:
- I. establishment or expansion of pyrolysis (or gasification) plants in New Zealand
 - II. collection of tyres and export for tyre derived fuel (TDF), or onshore TDF development
 - III. use of whole tyres or rubber crumb in construction projects

Pyrolysis Plants

22. The Ministry received seven applications requesting funding to develop new or expand existing pyrolysis plants and one application for a gasification plant. Pyrolysis and gasification use thermal treatment to process whole tyres into energy in the form of gas, oil or steam and results in end products such as steel and carbon char. These products typically compete on the international commodity market. Global price fluctuations can impact on the economic viability of these plants. These applications generally did not sufficiently demonstrate the feasibility of the process or provide evidence of either supply of tyres or markets for the end products. We consider there is a risk that approving funding for these projects could result in an increase in tyre stockpiling. After

considering each application on its merits the panel recommended funding for only one pyrolysis project (see Appendix 2).

Tyre Derived Fuel

23. Pacific Rubber is seeking \$3.8 million in funding to expand their tyre collection service into the lower North and South Islands. The application from Pacific Rubber confirmed that the tyres collected would be exported as TDF to India to be used in LafargeHolcim's cement kiln. At present there are no New Zealand users of TDF. We endorse the panel's recommendation to approve their funding request. Approving the Pacific Rubber application would allow a significant tyre collection network to be established and provide TDF to a New Zealand user should one emerge in the future. To complement the Pacific Rubber application, the panel supported in principle funding towards Fletcher Concrete and Infrastructure (Fletchers) for their project to install equipment capable of using TDF at their Golden Bay Cement kiln. Although the application was not strong enough for the panel to be confident to fund the full \$14.7 million requested for the plant, the panel recommends funding year one at a reduced amount. Fletchers can then come back to the WMF with a proven business case, ready for the next step in developing an onshore facility capable of taking TDF.

Projects using whole tyres or rubber crumb

24. The remaining tyre infrastructure projects recommended for funding have the ability to take and use end-of-life tyres in products, which the applicants are already producing. These are the EcoRubber project and the EcoRetainer project. EcoRubber will expand their current operations to take more rubber crumb to use in producing underlay. EcoRetainer builds interlocking concrete blocks with a bale of 110 compressed car tyres as its core. EcoRetainer request funding to move from concept stage (they have produced 13 blocks for demonstration purposes) to full commercialisation.

Implications on wider tyre picture

25. For the projects that are already set up to take tyres (Pacific Rubber, EcoRubber and EcoRetainer) their combined efforts could divert up to 34,300 tonnes of tyres per annum by the end of their funding period. While this may not deal with all of New Zealand's end-of-life tyres (approximately 60,000 tonnes are generated per annum, of which 15,000 tonnes are estimated to be recycled), work undertaken in the feasibility applications recommended for funding may open up new end markets and enable a greater level of tyre recycling.

Recommendations for non-tyre applications to the October 2015 round

26. For the 18 applications relating to waste streams other than tyres, the panel recommended the following five applications with a total WMF contribution of \$1.59 million:

- I. EnviroNZ – Fertiliser Bulk Bag Plastic Extrusion Plant
- II. 3R Group – Mattress Stewardship Programme Implementation Phase
- III. Green Vision Recycling Limited – Catch Pit (stormwater) Waste Recycling and Beneficiation
- IV. Goodwood Limited – Trommel Screen for increased wood waste recycling
- V. Kilmarnock Enterprises Limited – E-waste recycling for social value

27. The applications that have not been recommended for funding either offer a low level of benefit, have not demonstrated the technical or commercial feasibility of their proposal, or the applicant did not sufficiently demonstrate their ability to deliver the project.

Decision making

28. Applications recommended for funding, including any conditions of funding, are presented for your decision in Appendix 2. Applications not recommended are presented for your decision in Appendix 3. Full applications and supporting information can be provided upon request.
29. We endorse the panel's recommendations and recommend that you approve the 16 applications for funding up to a maximum of \$7.6 million towards total project costs of up to \$36.4 million. Based on future levies collected, funding these projects will leave a minimum of \$10 million available for the May 2016 funding round.
30. We recommend offers of funding expire six months from the date that the applicant is notified of your decision. By this date it is expected that project plans will be completed and deeds of funding signed. We consider this sufficient time for applicants to agree project plans and deeds of funding, and has previously been effective in ensuring the timely commencement of projects.

Risks and Mitigations

31. The panel conducts a rigorous assessment of all applications against the WMF Criteria. If a project is funded against the panel's recommendation, there is an increased risk that a project will either not support the intended outcomes of the WMF or not meet its stated objectives.
32. The panel has recommended funding the Pacific Rubber application to collect and export the tyres as TDF to India. There may be a negative perception that the New Zealand government endorses exporting our problem wastes.
33. Tyres are not considered a hazardous waste, and are not subject to the Basel Convention, which was established to protect human health and the environment against the adverse effects of hazardous wastes. Tyres are a globally traded commodity. Pacific Rubber aims to establish a collection and processing network in both the North and South Islands, and if an onshore solution becomes available they will be primed to access that. In the meantime there are no current solutions within New Zealand that are set up to take the quantity of end-of-life tyres currently destined for disposal each year.
34. To encourage onshore TDF the panel recommended part funding towards Fletcher's Golden Bay Cement kiln application. The panel also recommended a number of feasibility and investigative studies that could produce further end-markets to enable recycling of tyres within New Zealand e.g. using tyre rubber in roads.
35. Following your decisions, successful applicants will undergo independent third party due diligence checks to measure their ability to deliver their respective projects prior to entering into a deed of funding. All WMF projects can be subject to compliance checks or audits within the life of a project.

Legal requirement

36. Under section 38 of the Act you may approve funding of projects to promote or achieve waste minimisation. In deciding whether to approve or decline funding for a project you must consider the WMF Criteria notified in the New Zealand Gazette (Appendix 1). You may also consider any other matters that you may think relevant.

Next Steps

37. Please specify whether you agree to approve all panel recommendations as presented in the appendices, or record approve/decline funding decisions individually for each application using the 'Minister Decision' column. We recommend decisions are made by 25 February 2016 to enable the timely commencement of projects.
38. Following your decisions, we will contact the successful applicants to confirm their intent to proceed. The Ministry and the applicants will agree upon the final scope of the project plan and terms and conditions of the deed of funding. We will also advise the unsuccessful applicants of the outcome.
39. Opportunities to announce and promote funding recipients will be available once a deed of funding is signed. We propose that funding recipients have the option to self-announce their projects if they have not been announced by you 6 months after signing the deeds of funding. We will also look for opportunities for you to promote projects that have been successfully completed.
40. The next annual WMF funding round will open on 1 May 2016.

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Recommended Actions

We recommend that you:

- a) **Note** that the October 2015 WMF round targeted applications to grow markets for end-of-life tyres.
- b) **Note** that the Ministry endorses the WMF panel's funding recommendations.
- c) **Agree** to approve all panel recommendations as presented in Appendices 2 and 3.

Yes / No

OR

- d) **Agree** to record decisions individually in the 'Minister Decision' approve/decline column in Appendices 2 and 3.

Yes / No

- e) **Agree** that the offer of funding for the applications approved will expire six months from the date that the applicant is notified of your decision.

Yes / No

- f) **Agree** that a recipient can self-announce their project if it has not been announced six months after the deed of funding is signed.

Yes / No

- g) **Note** that the Ministry will advise you of opportunities to announce successful projects.

- h) **Note** that the WMF will open for applications on 1 May 2016.

Zac Jordan
 Zac Jordan
 Director, Operations

Date *2/2/2016*

Nick Smith
 Hon Dr Nick Smith
 Minister for the Environment

Date

30/3/2016

This waste needs to be covered to an NES on tyre storage and disposal. When is next waste conference, L.tee to give speech on integral package. DISMISS.

Appendices

Appendix 1: Gazetted Waste Minimisation Fund Criteria

Appendix 2: Applications recommended by the panel

Appendix 3: Applications not recommended by the panel

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Criteria for the Waste Minimisation Fund

Purpose of the Fund

The purpose of the Waste Minimisation Fund is to boost New Zealand's performance in waste minimisation. There is considerable scope to reduce waste and increase the recovery of useful resources from waste.

Lifting our performance in recovering economic value from waste also provides environmental, social and cultural benefits and reduces the risks of harm from waste. This will require investment in infrastructure and systems for waste minimisation and developing educational and promotional capacity.

The purpose of the fund is to provide some of the funding to ensure that this occurs.

Eligibility – Waste Minimisation Projects

1. Only waste minimisation projects are eligible for funding. Projects must promote or achieve waste minimisation. Waste minimisation covers the reduction of waste and the reuse, recycling and recovery of waste and diverted material. The scope of the fund includes educational projects that promote waste minimisation activity.
2. Projects must result in new waste minimisation activity, either by implementing new initiatives or a significant expansion in the scope or coverage of existing activities.
3. Funding is not for the ongoing financial support of existing activities, nor is it for the running costs of the existing activities of organisations, individuals, councils or firms.
4. Projects should be for a discrete timeframe of up to three years, after which the project objectives will have been achieved and, where appropriate, the initiative will become self-funding.
5. Funding can be for operational or capital expenditure required to undertake a project.
6. For projects where alternative, more suitable, Government funding streams are available (such as the Sustainable Management Fund, the Contaminated Sites Remediation Fund, or research funding from the Foundation for Research, Science and Technology), applicants should apply to these funding sources before applying to the Waste Minimisation Fund.
7. The applicant must be a legal entity.
8. The fund will not cover the entire cost of the project. Applicants will need part funding from other sources.
9. The minimum grant for feasibility studies will be \$10,000.00. The minimum grant for other projects will be \$50,000.00.

Assessment Criteria

Project Benefits

1. Preference will be given to projects that collectively give the largest net benefit over time. The assessment of the effectiveness of projects will include the extent to which the projects can demonstrate:
 - o likelihood of success;

- reduction of harm to the environment;
 - reduction in the volume of waste disposed of;
 - economic, environmental, social or cultural benefits;
 - longer term benefits after the completion of the project.
2. Projects will be assessed for their strategic value in achieving the purpose of the fund. Strategic value means the likely ability of projects to act as catalysts that enhance and extend the uptake of waste minimisation.
 3. The degree of partnership and cross-sectoral collaboration will be taken into account in assessing the strategic value of proposals.
 4. The level of funding from other sources will be taken into account. Shared funding is preferred.

Project Delivery

5. The applicant must demonstrate:
 - ability to deliver the project;
 - how the project will achieve its goals;
 - how the effectiveness of the project will be monitored, evaluated and reported;
 - if and how the project will be used to promote waste minimisation to the wider public;

if and how the project will continue after funding ends and become self-sustaining, particularly if the funding is for the establishment phase of a longer term project.

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Applicant	Location	Project outline and Panel comments (<u>project title</u> , brief project description, <i>summary of panel comments</i>)	Total cost	WMF \$ applied for	Panel recommendation (endorsed by the Ministry)	Minister decision (✓ one option for each application)
N2ENZ Ltd	Canterbury or Buller, Westport	<p><u>Waste to Energy</u></p> <p>The applicant is applying for funding to prepare a business case to establish a Waste to Energy Processing Plant in Canterbury which uses Plasma Arc and/or Thermoset technologies. The technology proposed would process domestic waste streams generating electricity or other forms of energy such as fuels. The scope of the project also includes plant establishment as a second stage.</p> <p>Panel comments:</p> <p><i>Feasibility study to find significant backer for energy from waste plant. Targeting local council waste streams, however, councils already own their own waste solutions. There is no evidence of communication with local councils. The partner funding is not confirmed. The Panel considers it highly unlikely to be economically viable to transport waste to the West Coast. The applicant does not seem to understand who controls waste streams and flows. The engineering expertise required for the operation is not demonstrated in the application.</i></p>	\$375,000	\$185,000	Not recommended for funding	<p>Option 1: Agree with the Panel and decline the application <input type="checkbox"/></p> <p style="text-align: center;"><u>or</u></p> <p>Option 2: Fund the application <input type="checkbox"/></p>

Out of scope

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To: Hon Dr Nick Smith, Minister for the Environment

Land Domain: Waste Minimisation Fund recommendations – October 2016

MfE Tracking Number:	16-B-03673	[Other Dept.] Tracking Number:	
Date Submitted:	16 FEB 2017	MfE Priority:	Non-urgent
Security Level:	IN CONFIDENCE	Number of Attachments:	Three
Action Sought:	Approval/Agreement	Response Needed by:	2 March 2016

Ministry for the Environment Contacts

Position	Name	Telephone		1st Contact
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Principal author	s9(2)(a)			
Responsible Manager	Hinemoa Awatere	022 076 4653		
Director	Shaun Lewis	021 101 2446		✓

Executive Summary

1. This briefing note seeks your decision on applications for funding to the October 2016 round of the Waste Minimisation Fund (WMF).
2. The Ministry received 38 eligible applications requesting a combined \$37 million in funding towards total project costs of \$89.3 million.
3. We recommend funding eight applications up to a maximum of \$756,530 towards total project costs of over \$5.1 million. There are two litter projects (requesting \$1,155,000) that were not recommended by the WMF panel. We consider that these projects could have potential benefits if they are re-scoped and merged into a complementary project on litter. Further advice is provided within this briefing note. We recommend declining the remaining 28 applications.
4. The statutory decision making power to award funding to waste minimisation projects rests with you, as Minister for the Environment, under section 38 of the Waste Minimisation Act 2008.
5. Following your decisions, we will:
 - i. advise both successful and unsuccessful applicants of the outcome
 - ii. enter into negotiations with successful applicants to agree on the final scope of the project plan and conditions of the deed of funding
 - iii. advise you of opportunities to announce the successful applicants.

Situation Analysis

Background

6. The Waste Minimisation Fund (WMF) was established under the Waste Minimisation Act 2008 (the Act). The Act's purpose is to encourage a reduction in the amount of waste generated and disposed of in New Zealand. The WMF supports the development and implementation of waste minimisation projects that:
 - increase resource efficiency
 - increase reuse, recovery and recycling
 - decrease waste going to landfill
 - address litter.
7. Approximately \$13 million is available annually to fund waste minimisation projects. Funding is sourced from the \$10 per tonne waste disposal levy (under the Act). This levy is applied to all waste disposed of at the 48 landfills that accept household waste. Half of the levy is returned to territorial authorities and the remainder, minus administration costs, is available to the WMF.
8. To date over \$70 million has been awarded to more than 130 projects. Funding has been primarily allocated to projects via contestable funding rounds. On 14 April 2016 you amended the WMF criteria to include projects that address litter. The May 2016 funding round was the first time that litter projects were eligible for funding.

The application assessment process

9. Under section 38 of the Act, the statutory decision making power to award funding to waste minimisation projects rests with you as Minister for the Environment. Prior to your decision, an independent panel convenes to assess all applications against the criteria for approving funding (the WMF Criteria), as notified in the *Gazette* under section 38(4) of the Act (Appendix 1). The WMF Criteria covers the extent to which projects will minimise waste to landfill and reduce harm to the environment. It also assesses the applicant's demonstrated ability to deliver the project.
10. For the October 2016 round, the panel was made up of four external voting members, one Ministry voting member and a non-voting chair (provided by the Ministry).

Summary of applications

11. A total of 39 applications were received to the October 2016 round requesting approximately \$37 million in funding towards total project costs of over \$89 million. One application received did not meet the eligibility criteria and was not put forward to the panel for assessment.
12. Of the 38 eligible applications received, there was a good spread across project types and waste streams. Table 1 shows a breakdown of the 38 applications, including project type, waste stream and WMF amount requested.

Table 1: Eligible applications received by type and waste stream

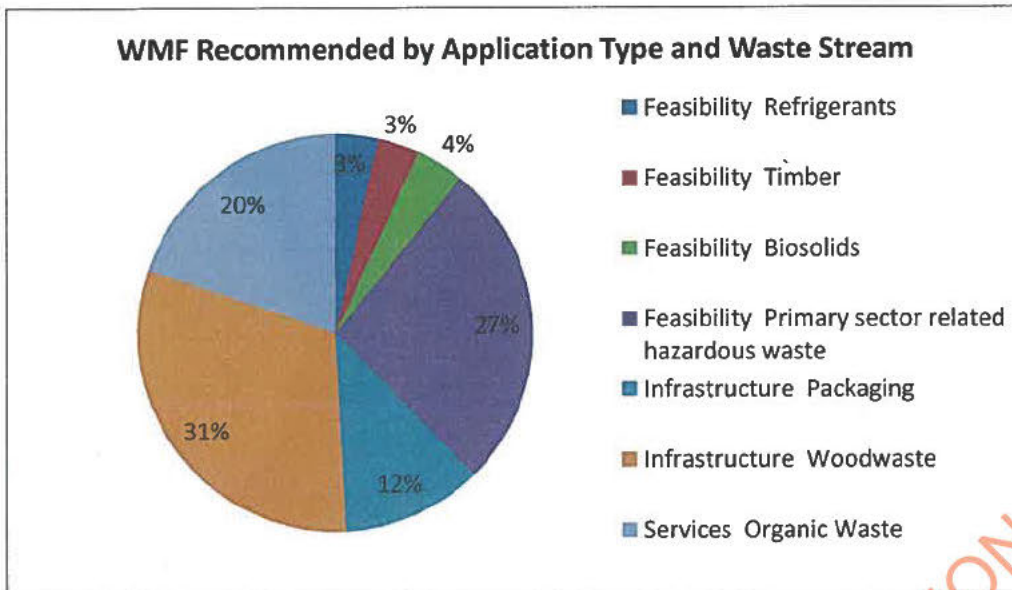
Application Type	Waste Stream	# Applications	WMF requested*	Total per type
Litter	Other	2	\$1,155,000	\$1,155,000
Education and Awareness	Organic	1	\$134,000	\$293,000
	Multiple - Other	1	\$159,000	
Feasibility or Investigative	Refrigerants	1	\$26,000	\$2,408,000

Application Type	Waste Stream	# Applications	WMF requested*	Total per type
	Organic	1	\$30,000	
	Commercial Green Waste	1	\$90,000	
	Tyres	2	\$211,000	
	Packaging	1	\$200,000	
	Construction/Demolition	1	\$100,000	
	E-waste	1	\$195,000	
	Timber	1	\$26,000	
	Plastics	1	\$195,000	
	Biosolids	1	\$30,000	
	Other - wastewater	1	\$60,000	
	Other - Multiple	2	\$1,245,000	
Infrastructure	Packaging	2	\$418,000	\$30,092,000
	Plastics	1	\$2,400,000	
	Woodwaste	3	\$931,000	
	Primary Sector related hazardous waste	2	\$3,036,000	
	Organic	1	\$7,450,000	
	Timber	1	\$865,000	
	Tyres	1	\$189,000	
	Biosolids	2	\$6,335,000	
	Soil	1	\$8,250,000	
	Other - Multiple	2	\$218,000	
Services	Tyres	1	\$2,440,000	\$3,032,000
	Metals	1	\$191,000	
	Other - Multiple	1	\$50,000	
	Organic	1	\$351,000	
TOTAL		38		\$36,980,000

*rounded to the nearest \$1,000

Advice

13. The panel assessed all 38 applications. The panel's recommendation is to fund eight applications (Appendix 2) and decline the remaining 30 (Appendix 3). The WMF panel recommended five projects with specific funding conditions and/or reduced funding. The total amount recommended is up to \$756,530 towards total project costs of over \$5,120,626 (15% contribution from the WMF).



Applicants recommended for funding

14. The projects recommended for funding by the WMF panel address a variety of waste streams. The proposed projects include feasibility studies, infrastructure projects and a new waste minimisation service. See Table 2 below for more detail.

Table 2: Applications the panel have recommended for WMF funding (Oct 2016 round)

Applicant	Project Name	Project Type	Recommended
1. A-Gas (Australia) Pty Ltd	Refrigerant Gas Recycling Plant	Feasibility	\$26,000
2. VivisWorld Ltd	Non-Toxic treatments for H1 and H2 grade construction wood	Feasibility	\$26,000
3. Wellington Zoo Trust	Composted Waste Feasibility Study	Feasibility	\$30,000
4. Grow Co/Peter Yealands Group	MEGAMARC	Feasibility	\$203,000
5. Auckland District Health Board	Recycling Eco-Tri-bins	Infrastructure	\$86,995
6. Goodwood Ltd	Goodwood-Machinery & Equipment	Infrastructure	\$79,035
7. The Relocatable House Co.	The Relocatable House Co – Relocatable Housing Park	Infrastructure	\$155,500
8. One Double Five Whare Awhina Community House	Food Rescue in Northland	Services	\$150,000

15. Of the recommend projects, three were recommended for a reduced funding amount than requested by the applicant. Details of the projects recommended for reduced funding are included in Table 3. Additional details for all recommended applications can be found in Appendix 2.

Table 3: Applications the panel have recommended for reduced WMF funding (Oct 2016 round)

Applicant	WMF \$ requested	Panel's recommendation
Grow Co/Peter Yealands Group	\$1,824,000	Up to \$203,000 or a maximum of 30% towards year one feasibility as presented in their business case Year 1 / Phase 1
The Relocatable House Co.	\$601,000	50% of year one capital costs only to a total of \$155,500 as itemised in the estimated yard set up costs described in the business plan (minus commercial yard lease, rates and radio advertising).
One Double Five Whare Awhina Community House	\$350,700	Funding for a one year project for 80% up to \$150,000 to cover set up and capital costs including vehicle, chiller, freezer and technology as presented in the application's financial plan.

Applications not recommended for funding

16. Of the 38 applications received, 30 have not been recommended for funding approval. These applications were not recommended for funding because they either:
 - a) offered a low level of benefit against the investment;
 - b) did not demonstrate the technical or commercial feasibility of their proposal; or
 - c) did not sufficiently demonstrate their ability to deliver the project.
17. Of the 30 applications not recommended for funding, there are five that are of particular note. These are outlined in the following paragraphs.
18. Waste Energy WC Limited - Waste Energy WC Limited applied for \$1,185,000 from the WMF to establish a domestic and commercial waste to energy processing plant on the West Coast. The panel acknowledged that a waste to energy plant in this location may offer some regional benefits, but were concerned that this would be at the expense of other regions, which would need to make significant changes to their existing operations, logistics and infrastructure for the project to be viable.
19. In October 2016 we provided you with specific advice (at your request) on the viability of waste to energy in New Zealand (refer to 16-B-03596). We advised that waste to energy plants need to have a regular and steady flow of waste to be operationally sustainable. The proposed project is reliant on receiving all South Island waste (except Canterbury), which the WMF panel considered to be unrealistic and demonstrated a lack of understanding of the South Island waste market.
20. Hastings District Council received \$250,000 from the WMF in 2014 to investigate future options for waste management in the Hawke's Bay. The report "Waste Futures – Economic Case" by Jacobs (June 2016) found that waste to energy is not currently economically viable in Hawke's Bay. The report also notes "New Zealand currently has a \$10/tonne levy on waste to landfill which is unlikely to be high enough in itself to drive a move away to alternative technologies (AD/WTE) and...NZ already produces the majority of its energy from low carbon technologies and therefore does not have incentives for low carbon waste technologies". We consider that a waste to energy plant in the West Coast would also encounter these barriers.
21. Rotorua District Council – Rotorua District Council (RDC) applied for \$6,155,000 from the WMF to deliver a full scale Terax® plant capable of processing 10,000 tonnes per year of biosolids from the Rotorua Wastewater Treatment Plant. RDC was previously granted WMF funding of up to \$4.7 million for a demonstration plant but this project was not

completed due to technical challenges. In May 2016, Terax Limited Partnership (TLP) applied to the WMF for funding to deliver the full-scale plant. This application was declined by you in August 2016. The panel were concerned that the current RDC application did not adequately explain why the original project did not proceed. There were also concerns around financial and technical viability, and the significant risks associated with the scalability of the technology. We acknowledge that the WMF has invested a large amount of funding in this project (\$972K paid from an approved amount of up to \$4.7 million). However the panel are not confident that further investment in this project would yield positive results.

22. Sustainable Coastlines - Sustainable Coastlines (SC) has applied for two litter related projects requesting a combined total of \$1,154,683 towards a total project cost of \$1,727,283. SC previously applied for funding in the May 2016 round for a three year litter project with six proposed objectives. In August 2016, you approved reduced funding for SC to complete two of the six proposed objectives. Their current applications relate to the remaining four objectives not previously approved for funding. The panel has assessed both applications and recommend that these applications are declined. The applications lacked clarity, particularly around the project scope and budget, and the proposed activities potentially overlap with existing initiatives.
23. Although the WMF panel recommend that you decline the SC applications, there could be potential benefits to approving funding for SC. The Ministry is currently working with Department of Conservation (DOC) and Statistics New Zealand on a Beach Litter Monitoring framework. Some of the activities proposed by Sustainable Coastlines in their applications could compliment this work programme. For example, SC propose to develop a network of citizen scientists to collect litter data nationwide, which has the potential to support environmental reporting requirements if aligned with the Beach Litter Monitoring work programme. We consider that the concerns of the WMF panel could be worked through and addressed through our Stage II project planning processes. However, due to lack of clarity in the applications we recommend that you invite SC to work with the Ministry to re-scope their two projects into one that will complement the Beach Litter Work Programme and to submit a revised proposal, including detailed budget and scope, for your final decision (via the weekly status report).

Decision making

24. Applications recommended for funding, including any conditions of funding, are presented for your decision in Appendix 2.
25. Applications not recommended by the panel (including the applications from Sustainable Coastlines) are presented for your decision in Appendix 3. Full applications and supporting information can be provided upon request.
26. We endorse the panel's recommendations and recommend that you approve the eight applications for funding, up to a maximum of \$756,530, towards total project costs of \$5,120,626.
27. We also recommend that you consider both the panel's comments and the potential benefits to the Ministry's litter work programme, when making your decision on the SC applications. If you choose to fund the recommended projects this will leave approximately \$12 million available in the WMF for upcoming projects. These include:
 - a revised proposal from SC with an updated project scope (if you approve this option);
 - an anticipated funding request related to the November 2016 earthquake response (final amount to be confirmed), which we will be providing you advice on in the near future; and
 - an updated funding request from Hadlee & Brunton Recycling Ltd (originally for \$5 million) for a Foamed Glass Plant in the South Island,

which you agreed, in October 2016, to receive outside of a standard funding round (refer to 16-B-03596).

28. We recommend all offers of funding expire six months from the date that the applicant is notified of your decision. By this date, it is expected that project plans will be completed and deeds of funding signed. We consider this is sufficient time for applicants to agree to project plans and deeds of funding. This approach has previously been effective in ensuring the timely commencement of projects.

Risks and Mitigation

29. In declining the Terax™ application from Rotorua District Council (RDC), there is a risk that project stakeholders view the previous WMF funded project as lost investment. Prior to the funding deed concluding for the previous project, RDC was given significant time to address the technical issues present and get the project on track. Despite this, RDC were only able to deliver five of eight agreed project milestones. Less than a quarter of the approved funding of \$4.7M was paid to the RDC. On balance, we consider the risk of negative public perception to be less than the risks associated with continuing to provide funding to the project at this point.
30. If you choose to approve the SC applications as presented, there is a risk that there may be outcomes of these projects which do not support the intent of the WMF, or provide the intended benefits to the wider litter work programme as anticipated. To mitigate this we recommend that you direct the Ministry to work SC to re-scope their applications into one project and submit a revised proposal.
31. The assessment panel conducts a rigorous assessment of all applications against the WMF Criteria. If a project is funded without recommendation by the panel, there is an increased risk that a project will either not support the intended outcomes of the WMF or not meet its stated objectives.
32. Following your decisions, successful applicants will undergo independent due diligence checks to measure their ability to deliver their respective projects prior to entering into a deed of funding. All WMF projects can be subject to compliance checks or audits within the life of the project.

Legal Issues

33. Under section 38 of the Act, you may approve funding of projects to promote or achieve waste minimisation on any terms or conditions that you think fit. In deciding whether to approve or decline funding for a project, you must consider the WMF Criteria, as notified in the New Zealand Gazette (Appendix 1). You may also consider any other matters that you may think relevant.

Financial Implications

34. At 7 February 2017, the amount of funding available for WMF projects was approximately \$12.8 million. This figure is based on the amount of levy revenue collected, less the amount committed to existing WMF projects.
35. If you approve the current recommendations this will leave just over \$12 million available. With more than \$1 million in levy coming into the fund each month, it is expected there will be \$15-16 million available to be allocated to the May 2017 funding round and any anticipated request relating to the November 2016 earthquake and an updated funding request from Hadlee & Brunton Recycling Limited. The Ministry considers that at this time there is adequate funding available to support the October 2017 applications as recommended by the WMF panel and to support a revised proposal from SC if this option is approved.

Next Steps

36. Please specify whether you agree to approve all panel recommendations as presented in the appendices, or record approve/decline funding decisions individually for each

application using the 'Minister Decision' column in Appendices 2 and 3. We recommend decisions are made **by 2 March 2016** to enable timely commencement of projects, and to allow unsuccessful applicants time to prepare an application for the May 2017 round if they so wish.

37. Following your decisions, we will contact the successful applicants to confirm their intention to proceed. The Ministry and the applicants will agree upon the final scope of their project plan and the deed of funding. We will also advise the unsuccessful applicants of the outcome.
38. If you agree to invite SC to work with the Ministry on a re-scoped project, we will contact SC and work with them to submit a revised proposal. We will seek your final decision on the scope and budget of this project via the weekly status report.
39. Opportunities to announce and promote funding recipients will be available once a deed of funding is signed. We propose that funding recipients have the option to self announce their projects if they have not been announced by you six months after signing the deeds of funding. We will also look for opportunities for you to promote projects that have been successfully completed.
40. The next WMF funding round will open on 1 May 2017.

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Recommended Actions

We recommend that you:

- a) **Note** that the Ministry endorses the WMF panel's funding recommendations
- b) **Agree** to record decisions individually in the 'Minister Decision' approve/decline column in Appendices 2 and 3.

Yes / No

OR

- c) **Agree** to approve all panel recommendations as presented in Appendices 2 and 3.

Yes / No

- d) **Agree** that the offer of funding for the applications approved will expire six months from the date that the applicant is notified of your decision

Yes / No

- e) **Agree** that a recipient can self-announce their project if it has not been announced six months after the deed of funding is signed.

want to work with MFE or am. Schedule with PPSE. Yes / No

- f) **Note** that the Ministry will advise you of opportunities to announce successful projects.

- g) **Note** that the WMF will open for applications on 1 May 2017.

Shaun Lewis
Director, Operations Directorate

I am very keen to progress a better app with sustainable conditions. Keen to connect with KBWZ. So agree with rec. Advise asap

Date 16.02.2017

Concur with criticism that we are underinvesting when we have funds available

Hon Dr Nick Smith
Minister for the Environment

Date 9/3/17

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Appendix 1: New Zealand Gazette, 14/4/2016 Number 31, Notice Number go2098

Criteria for the Waste Minimisation Fund

Pursuant to section 38 of the Waste Minimisation Act 2008, the Minister for the Environment hereby varies the eligibility criteria for the approval of funding projects from the Waste Minimisation Fund (as published in the New Zealand Gazette, 8 October 2009, No. 148, page 3585) by replacing criterion 1, Eligibility – Waste Minimisation Projects, with the following:

“Variation of eligibility criterion 1 – Waste Minimisation Projects

1. Only waste minimisation projects are eligible for funding. Projects must promote or achieve waste minimisation. Waste minimisation covers the reduction of waste and the reuse, recycling and recovery of waste and diverted material. The scope of the fund includes educational projects that promote waste minimisation activity and projects that address litter.”

All other criteria remain unchanged.

New Zealand Gazette, 8/10/2009, Number 148, page 3583. Notice Number 8350

Criteria for the Waste Minimisation Fund

Purpose of the Fund

The purpose of the Waste Minimisation Fund is to boost New Zealand’s performance in waste minimisation. There is considerable scope to reduce waste and increase the recovery of useful resources from waste.

Lifting our performance in recovering economic value from waste also provides environmental, social and cultural benefits and reduces the risks of harm from waste. This will require investment in infrastructure and systems for waste minimisation and developing educational and promotional capacity.

The purpose of the fund is to provide some of the funding to ensure that this occurs.

Eligibility – Waste Minimisation Projects

1. Only waste minimisation projects are eligible for funding. Projects must promote or achieve waste minimisation. Waste minimisation covers the reduction of waste and the reuse, recycling and recovery of waste and diverted material. The scope of the fund includes educational projects that promote waste minimisation activity.
2. Projects must result in new waste minimisation activity, either by implementing new initiatives or a significant expansion in the scope or coverage of existing activities.
3. Funding is not for the ongoing financial support of existing activities, nor is it for the running costs of the existing activities of organisations, individuals, councils or firms.
4. Projects should be for a discrete timeframe of up to three years, after which the project objectives will have been achieved and, where appropriate, the initiative will become self-funding.
5. Funding can be for operational or capital expenditure required to undertake a project.
6. For projects where alternative, more suitable, Government funding streams are available (such as the Sustainable Management Fund, the Contaminated Sites Remediation Fund,

or research funding from the Foundation for Research, Science and Technology), applicants should apply to these funding sources before applying to the Waste Minimisation Fund.

7. The applicant must be a legal entity.
8. The fund will not cover the entire cost of the project. Applicants will need part funding from other sources.
9. The minimum grant for feasibility studies will be \$10,000.00. The minimum grant for other projects will be \$50,000.00.

Assessment Criteria

Project Benefits

1. Preference will be given to projects that collectively give the largest net benefit over time. The assessment of the effectiveness of projects will include the extent to which the projects can demonstrate:
 - o likelihood of success;
 - o reduction of harm to the environment;
 - o reduction in the volume of waste disposed of;
 - o economic, environmental, social or cultural benefits;
 - o longer term benefits after the completion of the project.
2. Projects will be assessed for their strategic value in achieving the purpose of the fund. Strategic value means the likely ability of projects to act as catalysts that enhance and extend the uptake of waste minimisation.
3. The degree of partnership and cross-sectoral collaboration will be taken into account in assessing the strategic value of proposals.
4. The level of funding from other sources will be taken into account. Shared funding is preferred.

Project Delivery

5. The applicant must demonstrate:
 - o ability to deliver the project;
 - o how the project will achieve its goals;
 - o how the effectiveness of the project will be monitored, evaluated and reported;
 - o if and how the project will be used to promote waste minimisation to the wider public;

if and how the project will continue after funding ends and become self-sustaining, particularly if the funding is for the establishment phase of a longer term project.

Out of scope

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Waste Energy WC Ltd	Buller	<p>Waste to Energy, West Coast SI</p> <p>The applicant proposes to establish New Zealand's first fully operational processing plant that will convert domestic and commercial waste into energy (electricity).</p> <p>Panel comments:</p> <p><i>The proposal offers regional benefits to the West Coast but potentially at the expense of other regions, which would need to make significant changes to current operations, logistics and infrastructure. The project relies on the unrealistic expectation that it will receive all of the South Island's waste, except that from Canterbury. The applicant does not demonstrate an understanding of the South Island waste market, for example the long-term nature of Council waste contracts. The applicant has not secured adequate feedstock for the project. Previous studies have identified that waste to energy is not cost effective internationally without regulation, including in a New Zealand context. The applicant incorrectly asserts that New Zealand has a long term goal of zero waste to landfill. New Zealand does have a goal of moving towards 90% renewable energy by 2025 and this project may increasingly rely on burning waste coal. The application demonstrates some key misunderstandings of the New Zealand legislative context, for example the erroneous assumption that landfills are required to close by 2040. The business case and budget are not adequately formed. Risks exist around changes to the wholesale electricity price with increased generation capacity. The application does not consider emissions associated with burning coal. The application has not identified or addressed risks around disaster resilience with respect to transport. Ash would still require a disposal option but this has not been identified and would represent a significant cost.</i></p>	\$6,020,000	\$1,185,000	Not recommended for funding	<p>Option 1: Agree with the Panel and decline the application <input type="checkbox"/></p> <p>or</p> <p>Option 2: Fund the application <input type="checkbox"/></p>
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Out of scope

From: [Hinemoa Awatere](#)
To: [John Doorbar](#)
Cc: [James Walker](#); [Shaun Lewis](#)
Subject: IN CONFIDENCE: Waste to Energy project
Date: Wednesday, 21 February 2018 2:47:00 p.m.
Attachments: [image001.jpg](#)
Importance: High

Tena koe John,

Nga mihi o te wa ki a koe,

We are happy to provide more information. We consider this project may have serious implications for the investments in waste minimisation infrastructure in the South Island, will result in undermining other incentives to reduce waste, and will contribute to continued rise in carbon emissions.

Project summary:

In October 2016, and in previous years, this group has sought funding. As recently as November 2017, they seem to be discussing the same project which is to establish the first NZ fully operating domestic and commercial waste to energy processing plant.

Their proposal: The resource of municipal and industrial waste can be diverted from current landfill disposal to a Waste to Energy processing plant for the generation of electricity. The establishment of such plant will provide a solution for waste to landfill, generate electricity, establish new industry and job creation for the West Coast.

Environmental (Waste) Concerns

The current focus of the Waste Minimisation Fund (WMF), as well as policy currently in development, is to accelerate the transition to a circular economy. A number of investments have been made in the south island through the WMF (\$6,292,570 to date). As well as through the portion of the Waste Disposal Levy that is distributed directly to Territorial Authorities (approximately \$15 million per year), in developing infrastructure to reduce waste to landfill, by recycling and reusing material. A Waste to Energy plant would provide a disincentive to continuing use of this infrastructure, and result in equivalent harm to the environment as waste going to a landfill with gas collection. Waste to Energy plants in general, reduce recycling rates, as well as new investment in waste reduction infrastructure and products. The application to the WMF incorrectly asserts that New Zealand has a long term goal of zero waste to landfill. New Zealand does have a goal of moving towards 90% renewable energy by 2025, and this project may increasingly rely on burning waste coal.

Economic Concerns

The proposed Waste to Energy plant does provide economic benefits to the West Coast, but these would be largely achieved at the expense of other regions in the South Island. Significant investment in infrastructure would be rendered either obsolete, or require substantial changes to operations, logistics and equipment. The independent WMF panel, made up of industry members, believed that it was unrealistic to expect that the plant would receive sufficient feedstock to be sustainable, and that international examples of waste to energy plants are not

cost effective without regulation – New Zealand does not currently have regulation conducive to waste to energy plants. The application to the WMF incorrectly asserts that New Zealand has a long term goal of zero waste to landfill. New Zealand does have a goal of moving towards 90% renewable energy by 2025, and this project may increasingly rely on burning waste coal.

Specifically the Ministry provided this advice to the applicant:

- The proposal offers regional benefits to the West Coast but potentially at the expense of other regions, which would need to make significant changes to current operations, logistics and infrastructure
- The project relies on the unrealistic expectation that it will receive all of the South Island's waste, except that from Canterbury
- The applicant does not demonstrate an understanding of the South Island waste market, for example the long-term nature of Council waste contracts
- The applicant has not secured adequate feedstock for the project
- Previous studies have identified that waste to energy is not cost effective internationally without regulation, including in a New Zealand context
- The applicant incorrectly asserts that New Zealand has a long term goal of zero waste to landfill. New Zealand does have a goal of moving towards 90% renewable energy by 2025, and this project may increasingly rely on burning waste coal.
- The application demonstrates some key misunderstandings of the New Zealand legislative context, for example the erroneous assumption that landfills are required to close by 2040
- The business case and budget are not adequately formed
- Risks exist around changes to the wholesale electricity price with increased generation capacity

Our general advice to members of the public who inquire regarding the use of waste to energy in New Zealand:

Although waste to energy (incineration) is used in other parts of the world to generate electricity, it is a technology that comes with a range of negative environmental impacts, human health concerns, and high financial costs. Pyrolysis technologies are always improving, which is great; however, even the latest technologies still emit large quantities of greenhouse gases and release a range of harmful pollutants, such as toxic metals and dioxins, that can contaminate our land and water. Incineration plants also require a sustainable fuel source (waste), which New Zealand plans to reduce significantly through actions taken under the Waste Minimisation Act 2008.

European Commission Brussels 26.1.2017 Report states

To support the transition towards a more circular economy, public financing of waste management, whether national or at EU level, should be consistent with the goal of shifting upwards in the implementation of the EU waste hierarchy.

To support the transition towards a more circular economy, public financing of waste management, whether national or at EU level, should be consistent with the goal of shifting upwards in the implementation of the EU waste hierarchy.

At EU level, the transition towards more sustainable waste management systems receives

financial support, mainly through the co-financing of the Cohesion Policy funds¹³ In the case of these funds, pre-conditions must be met to ensure that new investments in the waste sector are in line with waste management plans designed by Member States to meet their preparation for reuse and recycling targets. As stated in the circular economy action plan, this means that investments in treatment facilities for residual waste, such as extra incineration capacity would only be granted in limited and well justified cases, where there is no risk of overcapacity and the objectives of the waste hierarchy are fully respected.

<http://ec.europa.eu/environment/waste/waste-to-energy.pdf>

Noho ora mai ra,

Hinemoa Awatere

Manager - Hono Tataki, Resource Efficiency & Innovation

Ministry for the Environment – Manatu Mo Te Taiao

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