



## Briefing: Waste investments under \$1 million and approval thresholds for large projects

**Date submitted:** 8 March 2024

**Tracking number:** BRF-4363

**Security level:** Unclassified

**MfE priority:** Not urgent

Actions sought from Ministers		
<i>Name and position</i>	<i>Action sought</i>	<i>Response by</i>
To Hon Penny SIMMONDS <b>Minister for the Environment</b>	Agree to the recommendation in this briefing	22 March 2024

Actions for Minister's office staff
<b>Return</b> the signed briefing to the Ministry for the Environment ( <a href="mailto:ministerials@mfe.govt.nz">ministerials@mfe.govt.nz</a> ).

Appendices and attachments
1. List of waste investments under \$1 million from 2020 – 2023
2. Cabinet Office circular (23) 9 Annex 1

Key contacts at Ministry for the Environment			
<i>Position</i>	<i>Name</i>	<i>Cell phone</i>	<i>First contact</i>
Principal Author	Ella van Gool		
Responsible Manager	Gemma Morgan		
General Manager	Michelle Kazor		✓

Minister's comments

## Key messages

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1. This briefing responds to questions you have asked in relation to previous briefings on waste investment. It provides detail on all funding provided through the Ministry's waste investments funds under \$1 million in the period from 2020 until 2023 (BRF-4090 refers).
2. In total, there were 106 investments made in funded projects under \$1 million between 2020 and 2023.
3. In 2020 the then Minister approved 25 projects under \$1 million, after which, in 2021, the Ministry obtained delegated authority to approve investments under \$1 million.
4. Since 2021 the Ministry has approved funding for 81 waste minimisation projects for a total of \$31,038,420, with a total project value of \$59,891,404. The total value of this approved funding amounted to just 15 per cent of the total value of Waste Minimisation Fund awards, and 25 per cent of Plastics Innovation Fund awards since 2021.
5. This briefing also provides more information in response to your question about Cabinet approval of large applications for funding (BRF-4166 refers). You have indicated a preference to consult with Cabinet colleagues on funding applications over \$10 million. This approach is consistent with the current approved decision-making framework. We have updated the framework with current Ministerial portfolios and are recommending it to you for formal approval.

# Recommendations

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We recommend that you:

- a. **note** the information provided on grants under \$1 million through the Waste Minimisation Fund (WMF) and Plastics Innovation Fund (PIF)
- b. **approve** the updated framework for approval of large funding applications to the WMF and PIF:

Funding range	Approval by
Over \$10 million	Minister for the Environment after consultation with the Minister of Finance, Minister for Regional Development and Minister for Infrastructure. Other Ministers can be added on a case-by-case basis
\$1 million - \$10 million	Minister for the Environment
Under \$1 million	No change to existing delegation to Deputy Secretary

Yes | No

# Signatures

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Michelle Kazor  
Programme Director – Waste Investments

**7 March 2024**

Hon Penny SIMMONDS  
**Minister for the Environment**

**Date**

# Briefing: Waste investments under \$1 million and approval thresholds for large projects

## Purpose

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6. This briefing responds to questions you have asked in relation to previous briefings on waste investments. It provides detail on all funding provided through the Ministry's waste investments funds under \$1 million in the period from 2020 until 2023 (BRF-4090 refers). We also provide more information in response to your question about Cabinet approval of large applications for funding (BRF-4166 refers).

## Background

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7. Further to your comments on BRF-4090, your office requested a detailed list of all investments under \$1 million for the 2020-2023 period.
8. You recently provided approval for funding of two projects over \$1 million to 9(2)(b)(ii) (BRF-4166 refers). You also requested more information as to the funding threshold at which you need to obtain Cabinet approval.

## Analysis and advice

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### Waste investment projects under \$1 million

#### Before and after April 2021 – change in delegations

9. There have been multiple waste investments funding "rounds" in the period from 2020-2023, each with different investment signals. In addition, processes and decision-making on funding applications changed during this period. The Waste Minimisation Fund (WMF) operated annual funding rounds in 2020 and 2021 and moved to an "always-open" model as of November 2022.
10. For the 2020 WMF round the Minister made final decisions on all applications while considering the recommendations from a panel comprising five externals and one Ministry employee. A small number of applications were also received outside of the formal round.
11. For the 2021 round, the panel filled the same role in screening, assessing, and making recommendations on all applications. The Minister for the Environment approved the Ministry's recommendation to delegate funding approvals as per Table 1, to make the process more efficient in anticipation of dealing with an increase in available funding.

<b>Table 1: Approval delegation of funding decisions as of April 2021</b>	
<i>Funding value</i>	<i>Delegation</i>
Greater than \$10 million	Minister for the Environment’s decision, with an expectation that the Minister would seek approval from colleagues above this level
Between \$1 and \$10 million	Ministry for the Environment’s decision
Up to \$1 million	Chief Executive of the Ministry’s decision (subsequently sub-delegated to the relevant Deputy Secretary)

12. After the 2021 round, the WMF underwent a strategic and operational overhaul to support significant increases in available investment funding (BRF-3992 refers). Changes were based on an expectation of funding larger scale projects and were more aligned to other major funds. To better support industry, the WMF also moved from short annual funding rounds to an “always-open” model, which has been in effect since the WMF reopened in 2022.
13. The Plastics Innovation Fund (PIF) had two extended funding rounds in 2021-22 and 2022-23. A third and final round is on hold pending decisions on investment priorities and budget availability (BRF-4090 refers).

#### **Totals for waste investments under \$1 million**

14. Since 2021, the total proportion of funding approved (in \$’s) for projects under \$1 million is 15 per cent for WMF and 25 per cent for PIF.
15. In total, 106 grants under \$1 million were approved during 2020 – 2023. Of those, 81 were approved directly by the Ministry under delegated authority (since 2021). The total number of projects funded per “round”, as well as the total amount approved, and the total project costs are listed in Table 2. The full list detailing recipients and project descriptions is provided in Appendix 1. Information on expressions of interest and applications that have been declined can also be provided if desired.

<b>Table 2: Summary of waste investments under \$1 million from 2020-2023</b>			
<i>Fund</i>	<i>Number</i>	<i>Total funding approved (\$)</i>	<i>Total project value (\$)</i>
<i>Prior to delegated authority (2020-2021)</i>			
WMF/MIN initiated	4	1,620,470	2,430,939
WMF 2020	21	5,592,141	10,970,629
<b>Total</b>	<b>25</b>	<b>7,212,611</b>	<b>13,401,568</b>
<i>Post delegated authority (as of 2021)</i>			
WMF 2021	31	9,220,642	18,084,641
WMF 2022-2024 <sup>1</sup>	30	13,722,544	25,082,686
PIF 2021-2022	13	4,158,133	8,149,519
PIF 2022-2023	7	3,937,101	8,574,558
<b>Total</b>	<b>81</b>	<b>31,038,420</b>	<b>59,891,404</b>

<sup>1</sup> Includes Climate Emergency Response Fund monies along with levy

16. Although some of these projects are relatively small there is often the potential for significant impact and to catalyse systemic change. Typically, they are feasibility studies, business cases and pilots to test the potential for scaled-up solutions. This approach was a particular focus of the first PIF round. Initial investment may be relatively small because they are new and innovative, making it more challenging to attract larger sums of co-funding for the applicant. Also, whereas larger infrastructure projects tend to operate lower in the waste hierarchy (recycling and recovery), waste prevention does not necessarily include building infrastructure and may require different, scalable, approaches.
17. Some examples of recent WMF and PIF projects below \$1 million include:
- \$210,000 from the WMF to Auto Stewardship New Zealand Limited to support the development of a large battery product stewardship scheme.
  - \$93,000 from the PIF to 9(2)(b)(ii) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
  - \$65,000 from the PIF to Pinehurst Associates to research and test the manufacture of biodegradable bio-based nursery pots.
  - \$450,000 from the PIF to Recycle South for a plastics shredder to handle multiple types of plastics in large quantities and transportation of 10,000 tonnes of flood-damaged fadges (wool sacks) from Hawke's Bay.
  - \$606,000 from the PIF to Kaipaki Dairies for a reusable milk tap system to support removal of the equivalent of more than 1 million single use plastic milk bottles a year from 2025. The funding increases Kaipaki's capacity to supply milk in reusable containers to businesses in the hospitality, institutions and retail sector by ten times.
  - \$412,200 from WMF to Grun Infrastructure Limited for the diversion of construction and demolition materials.

### **Threshold for cabinet approval for funding decisions**

18. In relation to BRF-4166 (Application Approval Briefing - Waste Investments) you asked whether funding approvals needed to go to Cabinet. The Ministry confirmed by email to your office on 26 February that Cabinet approval is not required under the Waste Minimisation Act 2008 (WMA). Under section 38 the Minister for the Environment can approve funding of projects to promote or achieve waste minimisation and there are no limits in the WMA with respect to the amount of funding.
19. You indicated a preference to consult with relevant Ministers on all projects seeking over \$10 million of WMF or PIF funding. That is consistent with the practice agreed with the then Minister for the Environment in 2021. Potential funding commitments around that level are likely to be of interest to the Ministers of Finance, Regional Development and Infrastructure and potentially others. We now seek your approval to continue using this framework, updated for Ministerial portfolios, as outlined in Table 3:

<b>Table 3: Large funding approval framework</b>	
<i>Ministry funding range</i>	<i>Approval by</i>
Over \$10 million	Minister for the Environment after consultation with the Minister of Finance, Minister for Regional Development and Minister for Infrastructure and other Ministers relevant to the project
\$1 - \$10 million	Minister for the Environment
Under \$1 million	Deputy Secretary (no change to existing delegation)

20. For context, at present the waste investments pipeline has two projects above \$10 million, one of which currently sits at \$35 million. However, funding requests may change during discussions with applicants during the assessment process.
21. We note that Cabinet Office circular (23) 9 Investment Management and Asset Performance in Departments and Other Entities sets general approval thresholds for investments. We have confirmed that this does not apply to levy investment decisions. The relevant section is attached at Appendix 2 for your reference.

## **Te Tiriti analysis**

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22. No Tiriti issues are associated with the proposals in this briefing.

## **Other considerations**

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### **Consultation and Engagement**

23. Input from agencies is routinely obtained as part of our assessment of funding applications. This process would be complemented by the proposal in this paper to consult with relevant Ministers on major funding applications.

### **Risks and mitigations**

24. No risks are associated with the proposals in this briefing.

### **Legal issues**

25. Cabinet Office circular (23) 9 (Investment Management and Asset Performance in Departments and Other Entities) sets out general approval thresholds for investment decisions. Legal advice confirms that it does not apply to levy investment decisions because the Minister, not Cabinet, is empowered to make those decisions under section 38 of the Waste Minimisation Act 2008 (WMA). As section 38 of the WMA is primary legislation enacted by Parliament, it takes priority over any rules found in CO circular (23) 9. In making a decision under section 38, the Minister may consult with whomever

he/she wants to. There is no legal barrier preventing the Minister from consulting with Cabinet prior to making a decision.

## **Next steps**

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26. Following your approval of the updated approval framework we will ensure relevant Ministers are consulted on all funding applications above \$10 million.

## **Appendices**

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Please see appendices 1 and 2 as attached via email to the Minister's office.