



Efficiency and Effectiveness Review of Levy and Funds Administration

Draft Report

Ministry for the Environment

27 August 2024



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DRAFT

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August 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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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. In July 2024, KPMG was subsequently commissioned by the Ministry to conduct an independent efficiency and effectiveness review. This report consists of the findings from the independent review.

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 funds received. This includes activities such as paying refunds to site operators, allocating shares to Territorial Authorities (TAs), and funding projects that promote or achieve waste minimisation, 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 investments and waste operations. 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 considers 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) – initial conversations, 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.



In-scope



Out of scope

- Investment decision-making processes for other Ministry-administered funds such as the Contaminated Sites Remediation Fund 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:

- Collecting, distributing, and administering the levy
 - Levy compliance, monitoring, and enforcement; and
 - 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.

Executive Summary - Objective One

Overall, the Ministry has robust and effective processes for investment decision-making but there is inherent risk as the Waste Management Fund shifts in 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.

Key observations

- Each of the key decision-making phases has a clear value proposition. The pre-application stages are an effective screening tool and the most cost-effective point to filter out applications that do not meet minimum criteria. The Pre-EOI stage provides an opportunity to clarify and further specify requirements, and the EOI stage enables an early feasibility and strategic alignment assessment.
- Removing or reducing the pre-application stages 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.
- 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 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 applications 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 approval. This could be streamlined through time management, however, we believe the sign-off levels are appropriate for investments of this size and nature and wouldn't recommend lowering delegate financial authority levels without due risk assessment.

Recommendations

1. Maintain the EOI phase to enable the Ministry to effectively manage applications 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.
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 to enable the Ministry to effectively manage applications 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 operators. 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 operator 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. There is a reluctance to use prosecution as a mechanism, noting that the time and costs to undertake would likely outweigh the benefits. This could be reviewed as an option to set stronger expectations of behaviour.
- 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 operators 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 fund's administrator role and a reliance on manual processes that could be automated. The compliance management systems (TAWLES and OWLES) 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.
- There has been a dramatic increase in the number of liable operators and in the number of non-liable 'Class 5' operators. 9(2)(b)(ii)

- There is no 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 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. A 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 funds administrator role with an additional FTE to effectively mitigate the single point of failure risk.
9. 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.
10. KPMG recommends that the Ministry develops a risk assessment and mitigation strategy for operator compliance to provide transparency and accountability for work programme and resource allocation.
11. KPMG recommends developing a performance framework to support reporting, communication, and progress reporting would ensure the Ministry can ensure they are delivering effective and efficient services.

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	Single point of failure: KPMG recommends that the Ministry should investigate resourcing the funds 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 funds administrator role with an additional FTE to effectively mitigate the single point of failure risk.
9	System and user experience improvements: 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	Documenting the risks of monitoring: KPMG recommends that the Ministry develops a risk assessment and mitigation strategy for operator compliance to provide transparency and accountability for work programme and resource allocation.	Low	Low	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	Performance measurement: 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.	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.

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.

An aerial photograph of a winding road through a dense forest. The road is a light gray color, curving from the top right towards the bottom left. The forest is a mix of green and brown, suggesting different types of trees or perhaps autumn foliage. A large, semi-transparent blue rectangle is overlaid on the left side of the image, containing the text for 'Objective One'.

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, 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 minimum requirements and that their applications are aligned with the purpose of the fund. The EOI phase enables the Ministry to support in shaping applications as well.	The purpose of the Application phase is to undertake a detailed assessment of each application and either approve or decline the application for funding.	The purpose of the Contracting phase is to successfully progress applications to begin to receive funding to support the initiative that has been approved.
2 Inputs	Applicants submit a high-level application which is reviewed by Investment Managers within the Ministry. Upon the completion of the review, Investment Managers then meet with the applicant to provide feedback on their application.	The application is evaluated by Investment Managers who then either advance or reject the application. If advanced, the application proceeds to a moderation process that determines whether to approve it.	The Investment Manager works closely with the successful applicant to finalise documentation that enables the approval of funding 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.	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 applications or reducing the time and effort at the next stage of the process by minimising low-quality applications.	The outcome of this phase is that there are comprehensive risk and assurance checks that ensure that the Ministry is using the fund for the projects that align to its purpose.	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 applications 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

9(2)(b)(ii)

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 decline applications	Total cost of both successful and unsuccessful applications
Pre EOI	\$89,741	\$71,189	\$160,930
EOI	\$148,336	\$123,840	\$272,176
Application	\$356,412	\$11,750	\$368,162
Total cost	\$594,490	\$206,779	\$801,269

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. 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 Pre-EOI stage does not include Plastics Innovation Fund projects, which did 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 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.
- Therefore, the Pre-EOI phase 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.



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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 applications at each 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 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 at the end of Objective One that would minimise this limitation in the future.

Key insights:

- In the Pre-EOI stage, 44.4% of all enquiries are declined. In the EOI phase, 45% of all enquiries are declined, 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	Years funded	Average funding per year
\$71,500,384	70	\$1,021,434	138	\$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.

Analysis of the EOI Phase

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

The purpose of the EOI phase is to ensure that applicants are meeting the minimum requirements and that their applications are aligned with the purpose of the fund. The EOI phase also enables the Ministry to support in shaping applications. The EOI phase therefore should act as the step in the decision-making process that streamlines and minimises the amount of work and rework required at later phases. If this phase enables the Ministry to do so, there will be efficiency and effectiveness gains at these later stages.

EOI Value

Stakeholders within the EOI phase stated to KPMG that there was a perception within the Ministry that the EOI phase did not add value to the overall application process. As a result, the Ministry investigated removing the EOI phase altogether and implementing a more extensive application process. Stakeholders thought this would be beneficial as it would reduce the time and resources that are dedicated to working with applicants at this phase. In the following analysis, KPMG has analysed whether removing the EOI process would realise the intended benefits described by the stakeholders.

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 applications 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 conversations. This is shown by an average cost per application for the Pre-EOI stage being \$89,741 compared to \$148,336 in the EOI phase and then \$356,412 in the subsequent Application phase. This shows that there is an increase in cost per application of 49.2% from the Pre-EOI to the EOI phase and a further 82.4% increase from the EOI to the Application phase. Therefore, if the Ministry optimises both the Pre-EOI stage and EOI phase, this enables the Ministry to be more cost-effective within the overall waste investment fund decision-making process.

Stakeholders stated that the Pre-EOI stage involves a lot of manual administrative activities which outweighs its value. Whilst KPMG acknowledges that scheduling, completing, and recording initial conversations may appear as adding low value, as shown by the cost per application, this is the most cost-efficient time to undertake these activities. Additionally, whilst it could be argued a greater onus could be placed on the applicant to meet the criteria and this may support efficiency gains, this needs 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.

Technology Improvements

KPMG understands that an applicant submits an expression of interest through a platform called Citizen Space and there are manual activities required from Ministry staff to organise the information provided. Upon applying to the fund within the application phase, 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 EOI phase to enable the Ministry to effectively manage applications 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

As stated in the EOI section, 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 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 panel. 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. 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 detailed consistency across Investment Managers. However, KPMG identified a risk in ensuring applicants are aware and can adhere to co-funding requirements. To reduce the risk of project failure, KPMG recommends increasing the weighting of this element in the scorecard and including detail in the additional information provided alongside the score.

Strategic Intent

Throughout the analysis, KPMG observed that there is 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 in relation to the risk profile of the projects to prevent introducing additional risk.

Council vs Standard Packages

Lastly, the data provided to KPMG showed that the average total process from first contact to funding decision was 10.2 months for applicants but 4.6 for Council packages. KPMG understands that the maturity of applications and capability of the organisation are likely higher at a Council. However, the difference of 5.4 months (75.7% more time) highlights an opportunity to learn from the efficiencies within the Council packages. KPMG understands that the likelihood of this is due to the descriptiveness provided by the Ministry to Councils for their applications. Although the time for standard packages compared to Councils is unlikely to be equal, there is an opportunity to review the efficiencies in Council packages and potentially adopt these 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 due diligence, legal checks, and confirm contract agreements before funding approved initiatives. 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 Application 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 Application 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 was told that the Ministry has a performance target that 90% of deeds of funding are to be executed within 6 months of the application having been approved. 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 they are working with organisations such as start-ups where the contracting is more complex than established organisations such as a Council, and therefore can take more time.

Stakeholder views' regarding the sign-off processes feeling like a replication of steps from the Application phase can largely be attributed to the contract value specific stakeholders are permitted to approve. 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.

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 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

Throughout this analysis, KPMG has received feedback from various stakeholders indicating that obtaining specific information and data requires extensive analysis. The challenges stem from the need to manually match and combine data from multiple systems, resulting in unreliable data capture. KPMG recommends that the Ministry implement 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. Although not directly related to the Contracting phase, successful applicants' data could serve as an input for a measure. 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 Ministry regulations.
	11	The total number of project EOIs that match investment signals	To understand whether projects are aligned with the strategic investment signals.

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 exist to ensure the levy can be 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 is crucial for waste disposal levy management and voluntary spending reporting. The Finance team is responsible for payment reconciliation, managing milestone payments, and ensuring accurate payment matching. They also oversee quarterly levy payments for compliance with requirements.

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 voluntary 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 Investment 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 Disposal Facility Operators (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 introducing site visits to 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 obligations, reporting levy expenditures, and aligning with best practice guidelines. Senior compliance officers engage in site visits, 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, although it is rarely implemented.



C. Funds administration

This function includes the activities that are analysed and reported on in Objective One within the decision-making process as well as the other day-to-day activities that these roles complete.

These activities span across the Systems, Ops, Funding, and Management teams. Day-to-day activities include project management, Enquire Funds Management System, system analysis and testing, external and internal support and guidance, data access improvements, reporting and intelligence, business analysis, contract management, fund coordination, continuous improvement, evaluation activities, communication, training development, stakeholder engagement, financial and programme management, as well as responding to information requests and Ministerial briefings.

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						
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 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 operators has increased from 80 to 183 from FY22-FY24.
- Consequently, 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.

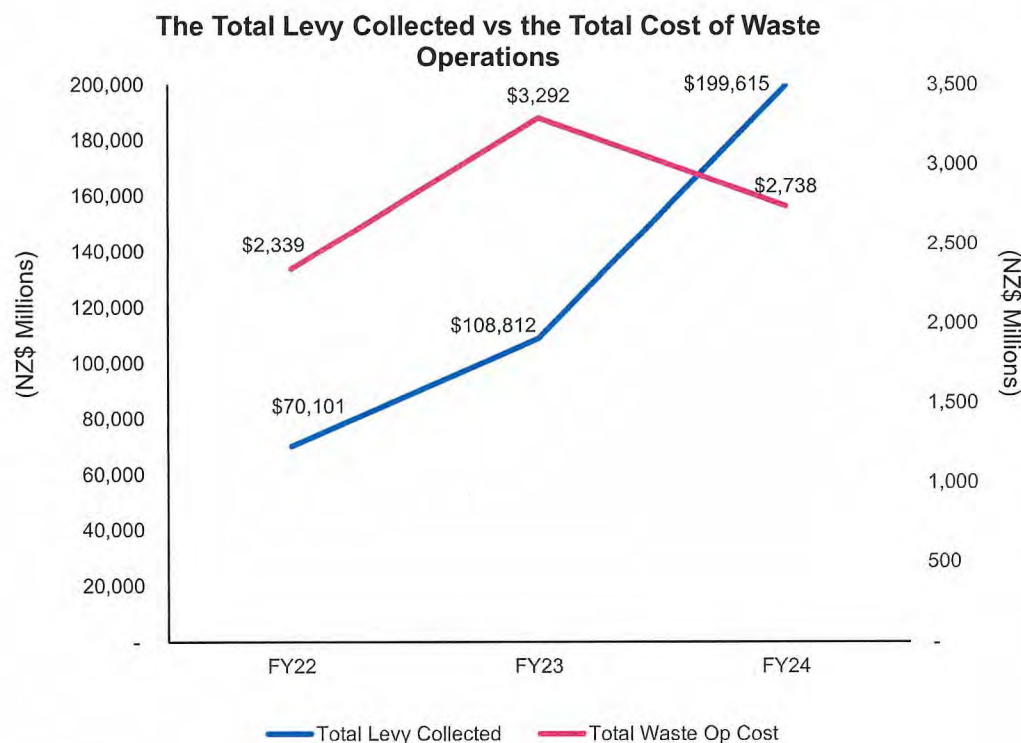


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Quantitative analysis to support the assessment of the functions

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



Limitations:

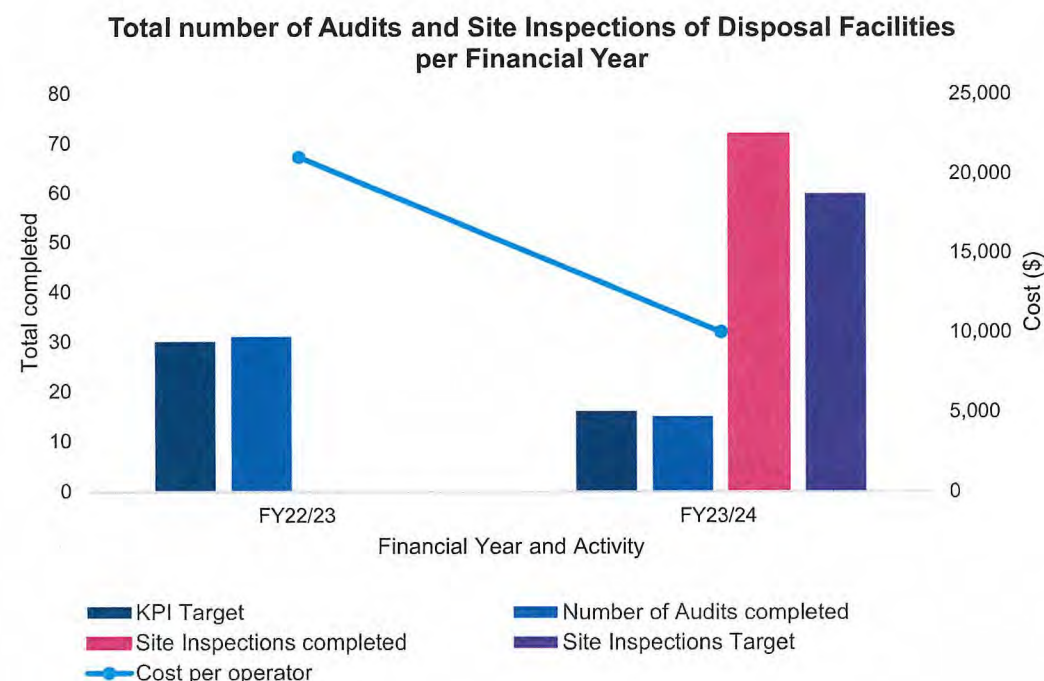
- The weighting of activities between compliance and collections is indicative and has been developed retrospectively.
- There may be slight variances in the accuracy of the Ministry's data due to the manual intervention that is required to collect data within the Ministry

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 total cost of waste operations has decreased from FY23-FY24 but the total levy collected has continued to increase. This demonstrates an increase in efficiency and productivity noting the functions are providing the same services to a larger number of outside entities without receiving a corresponding increase in departmental funding. This doesn't quantify any risk of under-collection or under-reporting to the Ministry.

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.
- In FY24, the Ministry completed fewer audits than in FY23 (15 when the target was 16) but completed 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 operators. 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.

Assessment of 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 with regard to the cost, performance, and demand experienced since the levy was increased. The following page outlines 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 96.03% 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 DFOs and this increased to 180 in FY23 and then increased again in FY24 to 183. This helps to explain why the total levy collected has increased by 96% over the three financial years. Therefore, an additional 103 operators 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 operators. 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

Senior stakeholders expressed that the feedback that they received from their customers has remained positive as the levy has increased in size and scale. Whilst this is encouraging, 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 operators, 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 operators since FY22 by introducing site visits. Site visits are a lighter touch audit which enables the Ministry to increase coverage and visibility of all operators. 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 operators and implemented new ways of working to minimise this risk.

Performance of the collecting, distributing, and administering function

The cost analysis stated in the previous paragraphs on this 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 are comprised of 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 the 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.

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 funds' administration function

The performance of the waste investment decision-making process has been reviewed in depth in Objective One. The analysis from Objective One shows that in FY24, the waste investment team spent 22% of their time on the applications. Therefore, 78% of the staff time that was analysed in Objective One is spent on the activities outlined on page 23 and Appendix 1.3.

KPMG did not uncover any issues or concerns regarding the Funds Administration team.

Opportunities for improvement within the back-office functions

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

1. Single point of failure

Within the collection function, KPMG identified that there is a risk of a single point of failure. As stated on page 21 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. 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 funds administrator role 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 levy 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.

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.

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.

9(2)(b)(ii)
9(2)(b)(ii) In FY24, there are currently 118 Class Five sites that exist. 9(2)(b)(ii)
9(2)(b)(ii)

KPMG recommends that the Ministry develops a risk assessment and mitigation strategy for operator 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. Additionally, the current KPIs are limited in terms of the areas of performance they cover. Therefore, there is an opportunity to invest in improving the performance measurement framework. To support the Ministry, KPMG has developed an initial list of KPIs that could be measured to enable effective performance reporting.

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.

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.



Ngā mihi

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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:
Finance	• Payments reconciliation. • Provide daily waste levy payment received information to Deloitte. • Managing project Budget spreadsheets in FMS – For budgeting, project milestone payments and accruals calculations. • Managing projects milestone payments including quarterly payments to TA's upon receiving approvals from delegation holders. • OWLS system interaction. • Monthly reconciliations of Ageing Debtors balance and not matching of payments between invoice and calculated amounts. • Forecast adjustments to the Waste Levy related appropriations.
Levy Administrator	• System (OWLS) and customer management to meet legislative requirements (correct amount of levy is paid). • Engagement contact for the regulated community via phone and levy admin inbox for queries. Can come directly from regulated community or via OWLS team. • Waste returns liaison with the service provider - Assessment and advice on waste return submissions. • Estimation process to set deadlines - Estimation process has strict deadlines under the regulations. Obligations of the levy collector to meet statutory timeframes. • 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: • Annual return applications. • Storage time extensions. • Payment extensions. • Waste return extensions. • Site Class Change. • Waiver - section 29 (1) (a) and (b) applications. • SWERLA applications (exemptions, waivers, time extensions). • Record keeping and information management of documentation for all facilities in SharePoint and OWLS. • Other regulatory strategy tasks: Policy/legal advice and management, interpretation of the act, improvements (shared). • 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). • 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). • 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. • Data Analysis of OWLS information to provide evidence for the wider Waste Team. • SME providing training for OWLS. • Admin inbox to send queries that come through, both levy admin and waste related queries. • SME input for policy development projects and reporting such as: waiver framework, ERP reporting, and Green House Gas inventory reporting. • Predominately first point of contact with sector. Understand what is happening on-site. Collation of intelligence from regulated community. Including improvements to the system. • Deloitte relationship management -Weekly, Fortnightly and monthly relationship and operational meetings. Ongoing continuous improvement of processes and to mitigate emerging risks. • Overseeing and supporting the levy distribution.
Technology Systems	• Supplier management of internal and external system- Commercial contract management and administration activities - negotiations, implementation, relationship management, governance/contract compliance, contract changes, value & benefits realisation and financials. • 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. • Project/Programme management for system change and implementation. • 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. • IT service design and strategy - Define and develop IT system services and strategies, e.g. for replacement, renewal, new systems. • 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).

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

B. Levy compliance, monitoring and enforcement

Component	Detail of activity:	
DFO	Two products can be delivered, a full Audit and an inspection: - Facility identification – deciding what landfills are a part of the year's audits/inspections. - Engagement with DFO and pre-advice – options are given for an on-site vs remote audit. - Data and records analysis. - Travel to DFO – includes logistics and cluster visit planning. - Execution of onsite visits - this will occur for both inspections and audits. - Draft report written, amended if needed, and shared. - Final report issued. - 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. - Provide SME advice / input into policy work e.g. fact sheets / guidance docs. - Provide SME advice / input into policy work via data analysis and sector trends. - Sector engagement i.e. attendance at quarry conferences, wasteminz. - Compliance audits conducted on external recipients of deeds of funding.	- 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. - SME input to OIA's/Ministerial/ Media requests/Parliamentary questions. - Design and issue compliance/warning letters, and support policy framework. - Provide SME advice / input into policy work e.g. fact sheets / guidance docs. - Engage with legal to seek clarification and internal Ministerial positions - Seek internal legal advice and position on matters identified within referrals. - 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. - Data reporting for compliance - All referrals and subsequent compliance actions are recorded within the compliance spreadsheet (Power BI, providing data to manager). - Undertake policy implementation work. - Management of internal reporting tools – daily engagement with KPI reports/inspection schedules. - Performance monitoring, policy/legal advice and management, delegation and warrant management (shared).
Escalations	- 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. - Case management set up of issue. - Desktop analysis - Review of the material received, available information online, and the completion of the Compliance Assessment Guidance form to assess next steps. - 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).	- Execution of an Investigation- Investigation plan is continually updated. Investigation report is drafted and submitted for managerial endorsement upon completion with recommended action. - Decision referred to enforcement decisions group - EDG must endorse a course of action. - 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. - Prosecution (not commonly used).
TA	- 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. - 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). - 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.	- 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. - Design of monitoring programme for kerbside recycling, collection of evidence, and engagement with non-compliant TAs. - Implementing data reporting obligations for TAs. SME input for implementation projects (including factsheets, sector engagement, system requirements). - Ongoing BAU – compliance checks, education, website content, responding to TA inquiries, relationship-building, and reporting to the Deputy Secretary.

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

C. Funds Administration		
Component	Detail of activity:	
Systems	- Platform management of the Enquire Funds Management System - Tactiv contract management, business relationship management, service level agreement monitoring, security and compliance with internal IT. - Project (investment) management - management of active waste investment projects including data entry, milestone reporting (assessment and approvals), site visits, change control/deed variations, internal reporting, project completion and post project reporting. - Platform management of the Enquire Funds Management System - Tactiv contract management, business relationship management, service level agreement monitoring, security and compliance with internal IT. - Product management of the Enquire Funds Management System - Deep system subject matter expertise, System roadmap, System enhancements, Self-configuration, issue resolution. - Systems analysis/testing/configuration and release management. - System and process support via 'helpdesk teams chat', Enquire ticket support, and individual queries from the investment teams.	
Opsii/Funding Teams	- Contract management of external suppliers - subject matter experts, external panel, Grant Thornton. - Fund coordination - meeting scheduling (incl. Pre-EOI calls), funds inbox management, PPSR management. - Continuous improvement register and key documents register monitoring and management. - External and internal guidance including internal process mapping and documentation. - Evaluation - Surveys and interviews with funding recipients, case studies. - External communication e.g. EDMs, website updates, presentations. - Training - developing and delivering training including induction materials (internally and externally).	
Management/Funding Teams	- Financial management - budgeting, forecasting, tracking of funding availability and funding portfolio. - Programme management - risks/issues management, status reporting, business planning and resourcing. - Team management and development. - Investment strategy and planning (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.	