



Efficiency and effectiveness of levy and funds administration

Prepared By: KPMG New Zealand

Date of this Quote: 15 July 2024

Our understanding of your needs

The Ministry for the Environment (MfE, the Ministry) is seeking an independent review the efficiency and effectiveness of levy and funds administration with a core focus on value for money.

The financial outlook for the waste levy appropriation indicates that funding will reduce significantly from 2025 onwards, while expectations of the fund's contribution will steadily increase. You want to be able to demonstrate that either delivery within the allocated budget is achievable or present a compelling argument for investment.

To meet Cabinet timelines, this report will require a quick turnaround, necessitating committed effort and a strong focus on the critical elements of the processes. To ensure this, we will assemble a small, senior team dedicated to the task.

We recognise the key role and unique context of MfE as the primary adviser on environmental matters to the New Zealand Government. We are committed to enhancing our core review team by integrating our experienced Climate Change and Decarbonisation team with a longstanding history of collaborating with the Ministry on various projects, including providing support to the Carbon Neutral Government team and conducting a comprehensive review of the Measuring Emissions Guide 2024. Moreover, their extensive understanding of the waste management sector further strengthens our capacity to deliver impactful outcomes.

The processes for making waste investment decisions and those for managing back-office functions have different drivers and priorities and the measures of value will be different for each. Our approach will make sure we understand these differences and develop value for money measures most relevant to each.

We understand that you are busy and have many priorities to balance. We will work with you to optimise the time available and avoid any disruption to core business activities so your people aren't distracted from what they need to be doing.

Overall, we understand that you need a partner who will work with you to put the best advice forward to Executives and Ministers and that any recommendations are practical and achievable. We will share knowledge as we go and leave you with the tools to proceed with confidence.

1 Proposed Delivery Approach

We have developed an approach to provide the best possible advice, in the timeframe you need and within the budget you have set. Central to this is to dedicate a small but highly capable senior team to the engagement. We have proven process and VFM methodologies that will be applied and can provide enhanced insights that come from experienced practitioners who will be actively involved in working with your teams and developing the advice. This will be supplemented by drawing on our expertise in climate change and decarbonisation, and knowledge of the waste management sector, to provide context and relevance to your sector.

From our expertise in conducting large scale value for money (VFM) reviews, we recognise the significance of understanding value within your context and how it is measured. For instance, in investment decisions, value encompasses strategic alignment and impact assessment, while back-office process measures focus on accuracy and productivity. We will collaborate with you to validate the indicators of value and assess performance against them.

Our methodology will be guided by the core pillars of value for money:

Cost efficiency: Minimising the cost of resources in line with performance and quality expectations. A cost-efficient approach will reduce cost without compromising quality.

Cost-effectiveness: Maximising the results for the investment of resources. A cost-effective approach achieves the maximum output for a given set of resource inputs.

Effectiveness: Measuring how well the outputs from an activity achieve the desired outcomes. An effective approach meets the intended goals as closely as possible.

Section 3 outlines our detailed methodology.

2 Our team

Having the right people to work with you is key to a successful outcome. We have selected a small but highly experienced team who will be actively involved at each stage of the project. This will ensure we are as efficient with your time as possible through continuity of engagement, and better-quality advice by building an in-depth understanding of all the systems and processes involved.

Our team has extensive experience across all facets of the engagement with an emphasis on proven value for money reviews and implementation over a wide range of organisations and service lines, and will be supported by subject matter experts as needed.

We have a depth of talent in our Wellington and Auckland teams, so should anything happen to one of our team or we need to expand, we have the ability to bring in new people with minimal disruption in order to ensure we don't compromise your timeframes.

KPMG also has access to global expertise that can be called on to provide more specialised methodologies should that be required.

Name:	Peter Chew Partner, Wellington Consulting
Qualifications	<ul style="list-style-type: none"> Bachelor of Science – International Management and German, University of Bath, United Kingdom
Specialisation	Peter Chew has over 20 years of consulting experience focusing on operational efficiency, value for money, operating model review and development, and performance improvement, focussed to a significant extent on public sector corporate functions. Pete will assure the quality of KPMG deliverables. Pete has extensive experience in undertaking value chain analysis in the public sector. He is experienced in corporate function operating models and process optimisation, cost allocation methodologies, and implementation fee-for-service reviews.
Time commitment	10 hours (Engagement lead)

Name:	James Poskitt Director, Wellington Consulting
Qualifications	<ul style="list-style-type: none"> Masters in Public Administration from Victoria University of Wellington Bachelor of Arts from Victoria University of Wellington
Specialisation	<p>James has extensive experience in public sector leadership across strategy, policy, operations and corporate services with a wide range of agencies and portfolios.</p> <p>James has led Value for Money functions at the Ministry of Social Development and Ministry of Education, driving programmes that have improved the effectiveness of spend across a wide range of functional areas. He has provided strategic advice to agencies including as a member of the MSD Procurement Board and the Value for Money Board. He has also led the implementation of shared services across a large government agency with the development of a new operating model that included a standardised service catalogue, automated service request, workflow management systems and qualifications pathway for support staff.</p>
Time commitment	40 hours (Key point of contact and engagement manager)

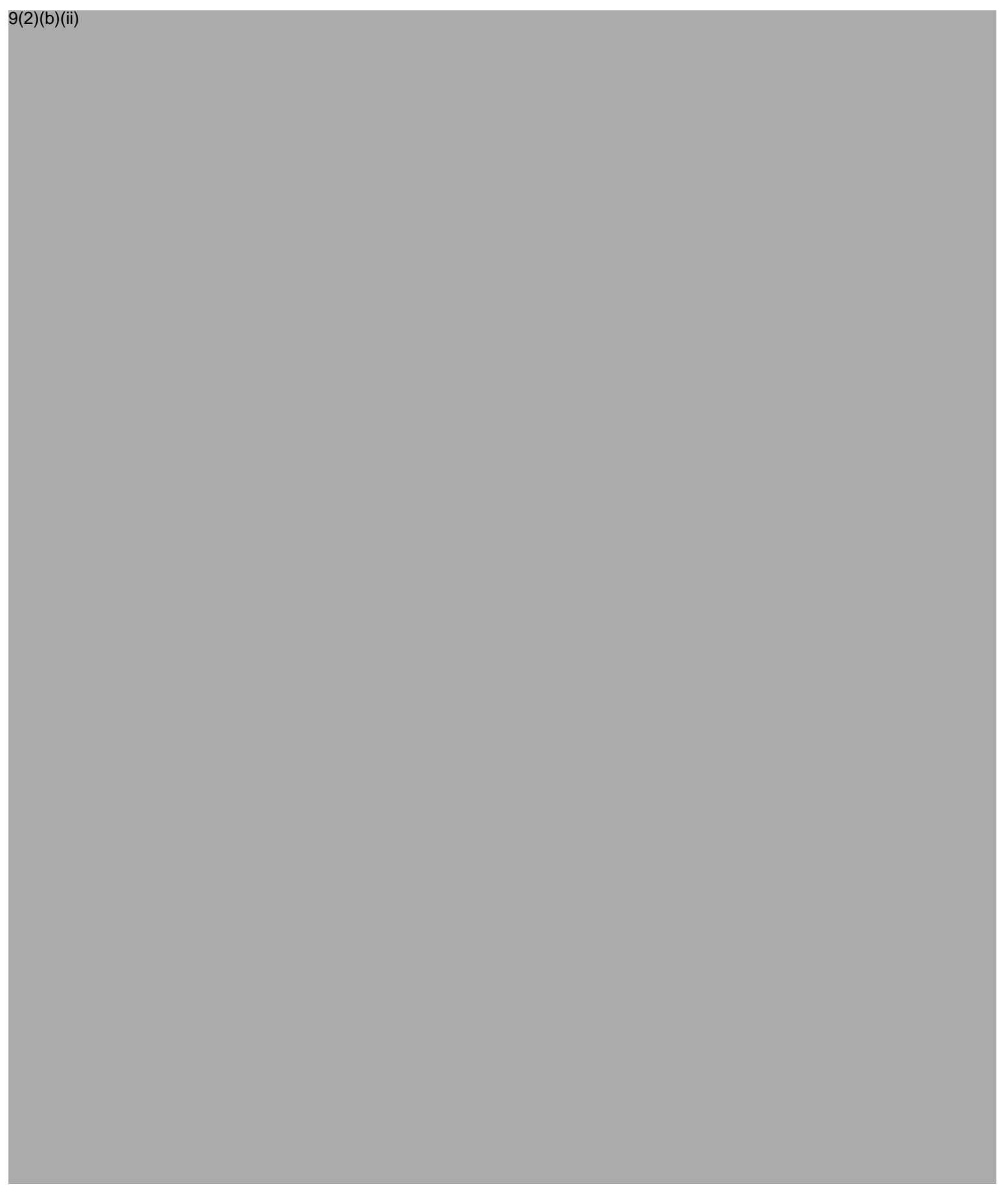
Name:	Ronja Lidenhammar Associate Director, Sustainable Value
Qualifications	<ul style="list-style-type: none"> Masters in Environmental Management and Policy from Lund University, Sweden Bachelor of Science in Business Administration and Economics, Sweden
Specialisation	Ronja is responsible for delivering climate change and decarbonisation projects at KPMG New Zealand. Ronja has more than 9 years' experience working with organisations to build the business case for sustainability. She has worked across both industry and the public sector, accelerating strategic and operational environmental solutions in New Zealand with a core focus on decarbonisation and waste management.
Time commitment	4 hours (SME, experience working with MfE and in the waste management sector)

Name:	Tom Henderson Senior Advisor, Wellington Consulting
Qualifications	<ul style="list-style-type: none"> • Bachelor of Laws from The University of Otago • Bachelor of Applied Science from The University of Otago • Barrister and Solicitor of the High Court of New Zealand
Specialisation	<p>Tom is a Senior Advisor with a strong focus on delivering value for money through his experience in reviewing and assessing various programs and functions in the public sector. Tom has conducted value for money reviews recently with the Public Service Commission and Kāinga Ora with the aim of providing actionable recommendations to drive improved performance. Tom has also had recent experience working with New Zealand Police to develop an outcomes-based performance framework to support the identification of opportunities for improvement.</p> <p>His work in developing performance measurement models, and conducting thorough value for money assessments, will ensure that he can support the engagement team to deliver insightful recommendations.</p>
Time commitment	<p>50 hours</p> <p>(Key engagement support with specialist value for money experience)</p>

3 Methodology

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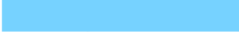
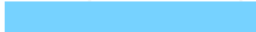




4 Project plan

We have the capacity and capability to deliver all the services outlined in your scope of work and will ensure an immediate start to achieve results. You have indicated a start date of the end of July 2024. However, our team are ready to support you earlier than this pending the completion of a contractual agreement.

We propose holding a kick-off meeting on 29 July (or earlier upon acceptance of the CSO). Following this, we will send through an initial documentation request and schedule key interviews. The Analyse and Compare stages will be conducted over a period of approximately three weeks (30 July to 20 August) where our reviews related to objectives one and two will be conducted in parallel. During this time, we may request additional information and interviews and suggest scheduling regular check ins as you require to discuss progress, any issues or barriers, and initial findings.

We propose holding a Summary of Findings discussion on the 20 August where we will validate and test our core observations, recommendations and assumptions that will inform the final report. Following this, and taking into account your feedback, we will develop the report and provide it to you in draft form on the 27 August. We would

require feedback from your team by EOB 28 August to allow 2 business days to meet the deadline to provide a final report by the end of August. We will work with you upon commencement to set and review timelines as needed.

Stage	29-Jul	5-Aug	12-Aug	19-Aug	26-Aug	2-Sep
Understand Kick off meeting on 29 July or as soon as possible						
Analyse						
Compare						
Validate Summary of Findings discussion on 20 August						
Report Draft report provided on 27 August Final report provided on 30 August						

How we will manage risks

To ensure deadlines are met, we will mobilise immediately following contractual agreement. You have indicated that final written review needs to be provided to you by the end of August.

Given any unforeseen delays and complications, our contingency plan for this service will be to adjust resources as agreed with you to deliver on time or extend delivery date to be agreed with you if required. The size and scale of our organisation, including our team in Wellington, means that we can rapidly add to the team to mitigate delivery risk due to unforeseen delays or absences.

To further ensure the successful execution of this review, as part of the 'Understand' stage we suggest a kick-off planning meeting. The purpose of this meeting is to introduce the KPMG team, establish a mutual understanding of expectations, and agree upon the following:

- Timeline and delivery dates
- Key risks
- Preferred ways of working and communication
- Methodology and scope
- Relevant documentation
- Preferred report and feedback formats

Holding the kick-off meeting at your earliest convenience following contractual agreement is highly recommended to maximise the quality of outcomes and ensure timely delivery. The kick-off will be used to understand, confirm, and adjust any deadlines and timelines, and schedule critical meetings at the outset.


Furthermore, KPMG will use agile techniques where appropriate to enable flexible, iterative approaches to progressing key activities. We are committed to working with you as an open, honest, and transparent partner. To meet your quality and timeliness expectations we will have regular check in points and updates as you require.

5 Capability and previous experience


KPMG is one of New Zealand's leading professional services firms. We have a breadth of experience working across the public sector on a range of efficiency and effectiveness and value for money reviews, as well as strong working knowledge of MfE and the waste management sector. We have worked closely with senior leaders within Government to develop detailed qualitative and quantitative reviews to support operational efficiencies and inform decision-making through a strong value for money lens.

We have outlined three specific case studies that highlight our relevant experience. The first highlights our experience working with MfE on a Technical Review of the 2024 Update to the Measuring Emissions Guide. The second outlines an example of an efficiency and effectiveness review for the Te Kawa Mataaho Public Service Commission and the third highlights our programme/portfolio assurance services to the Ministry of Foreign Affairs and Trade (MFAT) in support of their \$1.3bn investment in climate initiatives. We have also provided a summary of KPMG's recent independent review experience.

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