

Edgar Tulepu

From: Stephanie Hill
Sent: Thursday, 31 October 2024 3:04 pm
To: Ben Temple
Subject: RE: **Classification** Draft Cabinet paper for agency review - performance of government spending funded by the waste disposal levy

Thanks Ben, that is really helpful. We have previously had feedback that Ministers do not want Cabinet papers with too many (if any) 'noting' recs, which is in part why the paper included some decision recs that probably are better off as noting recs, or else not included at all. In general the paper is a bit of a solution in search of a problem (in that our Minister is doing this because she was asked to report back to Cabinet rather than because she has specific stuff she needs decisions on). I received similar feedback from my Deputy Secretary so have already tweaked the rec on the legislation to be a noting rather than decision rec. I will re-look at the others as well, and maybe have something more along the lines of noting that decision-making for investment of the levy through the Waste Minimisation Fund already includes rigorous assessment of the costs of benefits of investment, and that officials will consider the value of undertaking independent cost-benefit analyses for projects proposed to receive \$10 million or more in levy funding.

I will incorporate your other feedback as well. I can't see any problem in providing the Sapere report to the PCE. I am just following up with colleagues to check views on releasing both the Sapere and KPMG reports publicly (likely with some redactions eg where specific funding recipients are mentioned). If there are no concerns with that approach I will add that into the Communications section of the paper.

Thanks again
Steph

From: Ben Temple <ben.temple@regulation.govt.nz>
Sent: Wednesday, October 30, 2024 6:03 PM
To: Stephanie Hill <Stephanie.Hill@mfe.govt.nz>
Cc: Agency Consultation <agencyconsultation@regulation.govt.nz>; Gwen Rashbrooke <Gwen.Rashbrooke@regulation.govt.nz>; Ashleigh Moss Brown [EXTERNAL] (Treasury) <Ashleigh.Moss-Brown@treasury.govt.nz>
Subject: RE: **Classification** Draft Cabinet paper for agency review - performance of government spending funded by the waste disposal levy

Kia ora Steph,

Apologies for missing your deadline. I'm interested in views of other agencies, since I haven't spent a lot of time reviewing or considering the underlying policy direction and objectives. I have some feedback about the recs and what outcome the Minister is seeking from this paper, plus some more specific feedback aimed at transparency/clarity of the paper.

My main query is with the recs – are they needed? Could they instead note what the Minister concludes and note that the Minister has commissioned further work, or has directed officials to prepare options,

etc? Likewise rec 3, I'm not sure it is appropriate for Cabinet to direct officials based on decisions yet to be made as part of B25 (though we would defer to TSY advice on this).

Regarding rec 4... perhaps the rec needs more clarity about independent CBAs? Or formally peer reviewed CBAs? Otherwise I am not sure a) that this needs to be a Cabinet directive, or b) should be highlighted at all, since we consider MfE should be undertaking proportionate cost-benefit analysis regardless of the purpose or value (i.e. for general value for money and efficiency of regulation reasons).

Here is some more specific feedback on the paper:

- Para 10 – states that waste levies are commonly ‘set at a higher level’ – are there any useful estimates of the value of these externalities, or assessments of whether waste levies fully internalise the social and environmental costs of waste? It may be clearer to just state that levies are commonly set at levels to achieve specific outcomes, or to achieve particular objectives, including those listed. More generally, I think there is some tension between objectives to change behaviour (on one hand) and to raise revenue (on the other) and these motivations could be drawn out in more detail, through clearer reference to the [Treasury guidance](#).
- Para 11 – I couldn't follow this logic... if changing the price doesn't have a substantial effect on volumes, how would opting for high levies achieve diversion? I think this is just phrasing – perhaps the para could state in relation to inelasticity that significant price changes are required to change behaviour and affect volumes, so many countries have opted for high levies to achieve that diversion.
- Para 26 – I'm not sure cost pressures are a justification for broadening the scope of activities that should be funded by the levy. Perhaps it is referring to more general cashflow, constrained finances, or revenue pressures on local govt, or perhaps increased financial liabilities, rather than specifically cost pressures (i.e. rising input prices)?
- Para 34 – the paper focuses on private sector crowding out, but also covers the risk that broadening the use of the levy revenue risks crowding out other worthy projects (para 18). The paper could perhaps outline these two different types of crowding out earlier in the paper – Ministers may be concerned about both sorts.
- Para 37 seems to repeat the ideas in para 36.4 – is it referring to different things?

I also think this work would benefit from a review from the PCE, at least sharing the Sapere CBA or the draft paper. An alternative could be to seek agreement to sharing the paper after it has been discussed (and noting why/how in the Communications section).

Let me know if useful to discuss.

Ben

Ben Temple

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From: Stephanie Hill <Stephanie.Hill@mfe.govt.nz>

Sent: Friday, 25 October 2024 1:15 pm

To: Conrad Lendrum <Conrad.Lendrum@mfe.govt.nz>; Ashleigh Moss Brown [EXTERNAL] (Treasury) <Ashleigh.Moss-Brown@treasury.govt.nz>; Ben Temple <ben.temple@regulation.govt.nz>; cabinetpapers@dia.govt.nz; information@dpmc.govt.nz; Dan McGuigan <dan.mcguigan@epa.govt.nz>; Katherine Silvester <Katherine.Silvester@mbie.govt.nz>; Graeme Parker <Graeme.Parker3@mbie.govt.nz>; Ben Linstone (Ben) <Ben.Linstone@mpi.govt.nz>; Tom Corser [EXTERNAL] (MPI) <thomas.corser@mpi.govt.nz>; Papers2review@tearawhiti.govt.nz; Rawa@tpk.govt.nz
Cc: mark.tregurtha@dia.govt.nz; Hayden.Glass@dpmc.govt.nz; Glenn Wigley <glenn.wigley@mfe.govt.nz>
Subject: Classification Draft Cabinet paper for agency review - performance of government spending funded by the waste disposal levy

Dear agency colleagues

Please find attached a draft Cabinet paper for agency review. The purpose of the Cabinet paper is to report back on the performance of government spending funded by the waste disposal levy, which Minister Simmonds was requested to do earlier this year (in the context of the decisions that were made on changes to the Waste Minimisation Act to widen out the matters the waste disposal levy can be spent on). The paper sets out Minister Simmonds' approach to ensure government investment of the levy is targeted and effective and provides value for money.

The paper is supported by two independent reports:

- a review of the efficiency and effectiveness of administration and investment of the waste disposal levy, by KPMG
- an assessment of outcomes and recent performance of waste levy investments, by Sapere

I can provide copies of these reports on request.

If possible can I please receive your feedback by **4pm on Wednesday 30 October**. Apologies for the tight timeline. We have had delays in receiving the consultants' reports which has contributed to a fairly tight turnaround at our end.

All the best,

Stephanie

Stephanie Hill ([she/her](#))

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