



4 December 2013

Attention: Colleen Wong

By email: [colleen.wong@epa.nsw.gov.au](mailto:colleen.wong@epa.nsw.gov.au)

Dear Ms Wong,

**Waste Less, Recycle More – Non-contestable Local Government Funding Program**

Thank you for the opportunity to contribute to the design of the non-contestable local government funding program.

The sixteen Councils of the southern Sydney region represent 1.6 million people: a quarter of the population of Greater Metropolitan Sydney. Our region extends from Bankstown to Randwick and from the City to Sutherland. Southern Sydney Regional Organisation of Councils (SSROC) is a body established by the sixteen Councils as a mechanism to facilitate their collaboration on a wide range of initiatives, including advocacy, major projects, and procurement.

In the following submission, page numbers are references to Waste Less, Recycle More – Non-contestable Local Government Funding Program Discussion Paper. Text in italics is quoted from that same paper.

In considering how funding should be allocated to incentivise regional collaboration, it is helpful to understand how SSROC functions. All SSROC activities are under the broad direction of the Regional Organisation, which is a body of 16 Delegates, one elected representative from each Council; most Delegates are the Mayors of their respective Council. The ROC elects a president and two vice-presidents, and is advised by two Committees, which also comprise Councillors from each Council. The ROC sets the direction and priorities for the region, and the ROC secretariat, of which I am the General Manager, works to achieve those directives.

At an operational level, I work closely with the General Managers of our member Councils, to ensure that the secretariat's work is aligned with their needs and will effectively deliver the outcomes sought. Major decisions as to the allocation of resources to SSROC initiatives are made at this level.

It is important to note that SSROC is very much a collaborative mechanism to facilitate initiatives on a joint, cooperative, regional or sub-regional basis. Our member Councils participate in initiatives when they consider that it is in their best interests to do so. It is this flexibility and collegiate approach that enables the secretariat to achieve so much for the Councils.

**PROGRAM FOCUS** (pg2)

- 1. Do you agree that the Program should fund any/all waste and resource recovery projects? Or should the Program focus on one or several of the categories listed in the above table?*

In general, SSROC would prefer to retain the broad focus of "improved waste management and resource recovery outcomes", rather than directing funding into the particular categories identified. One of the criticisms of the WaSIP

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Program was that it spread the money too thinly between small non-strategic projects. The approach outlined in the discussion paper risks recreating that failing.

Our member councils are currently going through a process to develop a regional strategy for waste and resource and recovery: this process will identify their priorities and needs, which will be used to drive the development of action plans. We would prefer to see the funding made available to deliver those action plans, since they will directly address the region's priorities. We therefore recommend that the Program should fund any any/all waste and resource recovery projects, but that those projects much be executed and prioritised within a regional strategy.

SSROC would suggest that it would be helpful to provide stakeholders with a guide based on a revised discussion paper. This would enable Councils and management to clearly identify what the funding can be allocated to in relation to waste and resource recovery, as well as what it cannot be used for (such as other programs or added to consolidated revenue).

The program as described in the discussion paper misses some other focus areas that have the potential to increase diversion rates from households. These include: clean-up programs for bulky household waste, kerbside mulching services, mobile recycling services and drop-off programs for, for example, Christmas trees and polystyrene foam.

In relation to the categories we offer the following comments:

#### **Category – Dry Recycling**

- This category is limited to household recycling “bin” services: there should be an option for resource recovery from other household materials, including the Clean Up service for bulky household waste.
- The name of the category could be changed to reflect this, such as to “Increase Recycling”, which would be aligned with the draft NSW Waste and Resource Recovery (WARR) Strategy 2013-21.

#### **Category – Organics Diversion**

- This name is not consistent with the “Dry Recycling” category name, since the latter is a waste stream whereas “Organics Diversion” is an objective.
- This category is limited to household organics “bin” services: there should be an option for other resource recovery or diversion options, including kerbside mulching, Christmas tree mulching, clean up organics diversion, food and household composting.
- We would prefer that the funding be directed at achieving outcomes i.e. increased organics diversion, and that the collection method (e.g. bundled and tied, rather than in a bin) not influence the allocation of funding.
- The separation of new organics services (contestable) from improvement to existing services (non-contestable) is undesirable, and we would prefer that both be non-contestable.

#### **Category – Waste and Recycling Infrastructure**

- We understand that large capital investment programs, such as for buildings, will be included in contestable funding programs: however, we urge that this non-contestable category should cover smaller infrastructure such as mobile collection units and polystyrene recycling systems.

## PROJECT ELIGIBILITY (p4)

1. *Are there any other projects (or its components) that should be eligible for funding? Or should not be eligible for funding?*

SSROC does not agree that Councils should not be able to use this funding as a co-contribution to other grants. For some Councils, particularly small ones, it is impossible to fund a substantial co-contribution from revenue. Grant funding may be their only means of making a co-contribution.

As noted above, we suggest that a broader scope would allow for the potential to increase diversion rates from households including:

- reducing contamination (e.g. hazardous materials) of the red bin;
  - kerbside collection (not from a bin) of booked/scheduled bulky household items, including timber, metals, mattresses, e-waste, bundled and tied organic, Christmas tree collections and other materials such as clothing and polystyrene.
  - Drop-off or mobile services for recyclables.
  - Collection costs are specifically excluded from eligible components: we would prefer that new, additional collections services (not the regular household kerbside collection) should be eligible. In particular, SSROC Councils are keen to trial a mobile collection service, potentially evolving into a shared service, for problem wastes such as paint cans and batteries.
  - SSROC Councils have identified a number of other potential solutions to increase resource recovery, but which would require a trial or pilot to demonstrate their effectiveness and to develop their efficiency. However, this would require both collection and disposal costs to be funded, so they would be ineligible under the Program as currently described. These solutions include, for example, organics from events or a small-scale residential trial. We therefore suggest that EPA exercise some flexibility in applying these exclusions to projects, particularly demonstrator/trial projects, involving collection and disposal that is not associated with the normal operational cost of regular household kerbside collections.
  - Resource recovery initiatives targeting street-sweepings and kerbside clean-up waste should not be excluded, particularly since they are “Municipal Waste” as defined in the Draft WARR strategy.
2. *Do you think the project eligibility criteria ... are appropriate and reasonable? If not, what other criteria could be used? Are some criteria more important than others?*

We would prefer to see evaluation against broader criteria than strictly value-for-money.

“Achieve the intended outcomes” would have the effect of eliminating any exploratory, innovative projects that are as yet unproven, and permit only very safe tested approaches. This would incentivise continuing with the same approaches that will deliver the same results, and not drive improvements. An alternative might be (in combination with addressing risk – see below) “Aim to achieve outcomes aligned with the NSW WARR Strategy 2013-21”

In addition, all changes involve risks, particularly change that is in some respect innovative. We therefore suggest that a useful additional criterion would be “demonstrate assessment of risk and appropriate management/mitigation of risks”.

SSROC would rank them as projects that:

- =1. Aim to achieve outcomes aligned with the NSW WARR Strategy 2013-21.
- =1. Demonstrate assessment of risk and appropriate management/mitigation of risks.
- =1. Are good value in terms of financial, environmental, social and governance outcomes.

2. Contribute to new and/or additional outcomes i.e. go beyond “business-as-usual”.
3. Projects rejected by other Waste Less, Recycle More ... appropriately amended ...

The definition of “business-as-usual” is likely to be very difficult to specify as it can vary from year to year, depends upon tonnages, and is influenced by Councils’ revenue, which will be directed towards their local priority areas. We would suggest perhaps conceptually “improving on existing practices” would be more appropriate.

“Value for money” in the absence of a definition can be a subjective assessment. If the criterion of value for money is retained, then EPA would need to provide guidance on how it would be measured, and what threshold value would be expected.

We agree that projects rejected by other Waste Less, Recycle More grant projects should be eligible under this Program.

3. *How can we assess if a project is new, enhanced and/or has additional outcomes i.e. goes beyond ‘business-as-usual’?*

Applicants will be able, and should be required, to advise the EPA if a project is new, enhanced and/or has additional outcomes, and to provide an explanation. SSROC would suggest that each proposal should be accompanied by a business case that includes a measured baseline for current performance against which the planned future performance is compared. It would also address the value criterion and include risk assessment and risk management approach.

As stated above, we suggest that perhaps conceptually “improving on existing practices” would be more useful and practicable than “business-as-usual”.

In general, SSROC urges that the funding should target initiatives that deliver in accordance with Councils’ strategic priorities as identified in the regional strategy. We therefore suggest that this criterion should be about ensuring that projects will contribute to achieving outcomes identified in the NSW WARR Strategy. The regional strategy will be developed to link the NSW strategy to local priorities.

SSROC also suggests that projects already started should not automatically be deemed ineligible: if they meet the criteria they should be eligible. This is particularly relevant to projects started in the year 2013/14 (refer to our comments on timing below). The objective of the program should be the achievement of outcomes and results, not solely about starting new projects.

It is not clear from the description whether an extension to a trial or pilot would be eligible for funding. There may be circumstances in which this is appropriate, but where funding is not otherwise available. We therefore suggest that extensions should be eligible.

#### **PAYMENT CALCULATIONS (pg 5)**

1. *What other resources or support would you expect from the dissemination program?*

Training:

- for project officers (including regional coordinators), covering Waste Less, Recycle More and the NSW WARR Strategy, the use of measures and indicators, and project evaluation;
- for project officers in the basics of resource management, including visits to facilities;
- for Council officers and new staff in project management and how to develop and run effective Waste Less, Recycle More projects;
- maximise the efficiency of training by coordinating training so that it would coincide with new projects funding and new starters on those projects;

- particularly for the influx of new starters to run projects funded under contestable and non-contestable programs.

State-level research into services, technologies, outputs and markets for recovered resources (e.g. comparing FOGO with GO with FO).

The EPA could share findings annually from the preceding year's projects as part of the dissemination process, like the various sessions run for other Trust administered grants. This whole initiative will be a learning and professional development process as well as bringing about improved projects and outcomes across the state.

*2. Do you agree with the preferred payment calculation method? Why or why not?*

SSROC broadly supports the preferred payment method, since allocation of funding at the regional level would focus Councils on regional collaboration and shared services, which is one of the EPA's objectives. We make the following observations:

- Since we do not yet have the regional waste strategy and associated action plans, we are unable to quantify the funding that would be required at the regional level at this stage. Some regional initiatives are likely to result (such as education and awareness, and regional waste audit services), so some allocation at the regional level is appropriate;
- SSROC General Managers Working Group would act as a Steering Group in the allocation of funding paid to the region, including potentially the allocation of proportions of funding to sub-regional projects;
- We support the allocation of a set base contribution for each Council, but consider that the payment should be higher than \$50,000 (closer to \$100,000) and higher still if funding is not allocated at the regional level.
- Allocation of funding on population basis could be considered to be inequitable, since Councils would benefit more the larger their population, which fails to take into account the economies of scale that larger Councils can achieve. If the proportions were adjusted as suggested above (i.e. 20% regional, 40% Council base and 40% Council population-based), this would reduce the inequity. However, SSROC agrees that population-based funding is a practicable approach.

**GOVERNANCE FOCUS** (pg7)

*1. Do you agree with the proposed application and project assessment process? If not, how else could it be done?*

SSROC understands that, in the case of projects eligible for non-contestable funding, the project listing is required only in order for the EPA to verify eligibility for the funding, and not for approval on any other basis.

We would recommend that the EPA accept projects of a longer time-frame than one year, and commit to funding an eligible project for up to the four-years of the program.

SSROC suggests that the EPA should assume that all Councils and regional groups will participate in the Program rather than requiring an application form. It is unlikely that estimated payment amounts will vary greatly on the basis of non-participation, and in any event would only increase. This would eliminate an unnecessary and potential time-consuming step in the process.

SSROC supports the suggestion that project applicants should be provided with specific outcomes to select and report against, as a selection of related key performance indicators for annual reporting (as per Environmental Trust existing practices and schedule Cs). We also strongly support the EPA's preference for projects to be properly scoped and planned, achieve the Program objectives, have

measurable outcomes and be complementary to other regional projects: good project and program management disciplines are essential.

SSROC would prefer that the entry criteria should be continuing criteria, without being re-assessed annually. Forward plans will be developed in accordance with the regional waste strategy action plans, which will reflect the priorities of the NSW WARR Strategy as appropriate to each local area. The forward plans would need annual revision if criteria were annually revised, and could not be relied upon for overall program management such as risk management, resource allocation and benefits realisation.

We would appreciate clarification of the reasons for the requirement that new landfill contracts should not exceed five years. The justification for this in the 2007 WARR Strategy “these may restrict opportunities for emerging alternative waste treatment in the near to medium term ...”, is not included in the new draft strategy. Clarification in the funding program guidelines (and/or in the final WARR Strategy) would better enable Councils to understand and more effectively communicate their reasons for pursuing alternatives, which might be more costly financially.

The process for year 1 would not need to include reporting on the previous year in August as there was no previous year for the Program. All resource use would have been in preparation and submission time.

The EPA could include in the process a requirement to attend workshop on outcomes, reporting and use of indicators as part of capacity-building.

2. *Should there be Program entry conditions? E.g. project/s completed and funding expended from previous financial year before seeking additional funds in subsequent year?*

SSROC does not support program entry conditions such as the one given in the example. Projects rarely align with a calendar or financial year, and associated payment schedules may for good reasons mean that payments fall due beyond the end of the year. Such a restriction would be very limiting for no real benefit, especially as the initial funding will not align with Councils’ planning cycles.

If the EPA requires some assurance that projects are under way, and money is not being redirected or retained, a less restrictive condition might be acceptable. For example, funding should be committed by the end of the year, or most funding should be expended unless acceptable justification can be provided.

The effect of the timing of the Waste Less, Recycle More funding package in relation of the conclusion of the WaSIP Program is to leave Councils without any EPA funding for projects in the year 2013/14 (although we understand that the final payment under WaSIP could be spent over the two year period 2012/13 to 2013/14). SSROC Councils were given to understand from the EPA that it was not intended that there would be any such gap in funding. As a result, some projects have been continued on the assumption that funding would be made available for 2013/14 in future, leaving a funding gap. It would be helpful if Councils could be permitted to allocate some of their non-contestable funds to projects already way.

One entry condition might be to attend training, specifically related to Waste Less, Recycle More on project planning and use of measures, indicators and evaluating projects.

3. *What details should be provided on the project listing table to encourage appropriate planning/scoping by councils and assist EPA in their assessment and reporting processes?*

SSROC suggests that the project listing table should include the:

- project-specific key performance measures,
- related top-level measure (see comments in response to question 4 (p9), below),

- reference to the relevant regional waste strategy action plan,
- estimated cost,
- overall risk assessment (high, medium, low),
- project time-frame,
- project manager contact details,
- project sponsor (i.e. senior Council officer accountable for the project).

Yearly review of project progress against plans and of the outcomes from completed projects. If not satisfactory, only then should the EPA consider not providing future funding.

A standard project management template, covering the basic contents of a project plan.

*4. Should there be a standardised list of key performance measures that councils should report their projects against?*

SSROC would recommend a hierarchy of key performance measures. At the top level the measures could be pre-defined by the EPA to reflect the objectives of Waste Less, Recycle More. Below that, regional strategies should link to those measures, and may identify more specific sub-measures in relation to particular action plans. Each individual project would then link back to the measures in action plans, as well as identifying any other specific measures to provide project teams with greater precision for their particular projects.

Projects should be assessed on the extent to which they meet the project objective and how well they align with “Program Focus”. This would be easy and transparent if the concept of a hierarchy of key performance measure could be brought into effect, with only the top level pre-defined, or standardised, by the EPA. However, the definition of the top-level measures would need to be carefully considered to reflect exactly the scope and intent of Waste Less, Recycle More and to be consistent with the NSW WARR Strategy.

The measures should also be linked to outcomes and behaviours covering, for example, both waste reduction and behaviour change (refer Schedule C Environmental Trust.) The measures are important, and training in this area would be beneficial, as noted above.

*5. Is the proposed timeline of the Program compatible with local government planning and budgetary cycles? If not, what should the timing be?*

SSROC understands that Councils need to know in September each year how much funding is to be made available. The funding should be released in July. The September announcement would assist Councils with their planning, and July release would ensure that the money was in the system and available for spending.

**General Feedback**

We note that there is no mention of closed-loop approach for Councils’ organic waste streams. The Draft WARR Strategy states that “With composting on the increase, the focus will shift to finding new and expanded markets for recycled compost material. Council playing fields could be a potentially major local market for compost use in top-dressing and renovating playing fields”. We would appreciate clarity on how an initiative of this nature might be accommodated with this, or another program, under Waste Less, Recycle More funding.

Some aspects of the design of the program require consideration by senior management in Councils. In SSROC, the discussion paper has been provided to all SSROC General Managers for consideration (as well as to members of the Waste Management Group), and the question of the preferred payment calculation method has been considered in particular. SSROC appreciates the opportunity

that you have given us to contribute to the design of the Program, and understands the time constraints that limit the opportunity. However, I would suggest that the design of a program of such importance to Councils would benefit from senior management input in addition to their waste managers.

If you would like to discuss or to expand on any aspect of this submission, please contact me or Helen Sloan, Program Manager, on 9330 6455 or [ssroc@ssroc.nsw.gov.au](mailto:ssroc@ssroc.nsw.gov.au).

Yours faithfully,



Alan Northey  
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