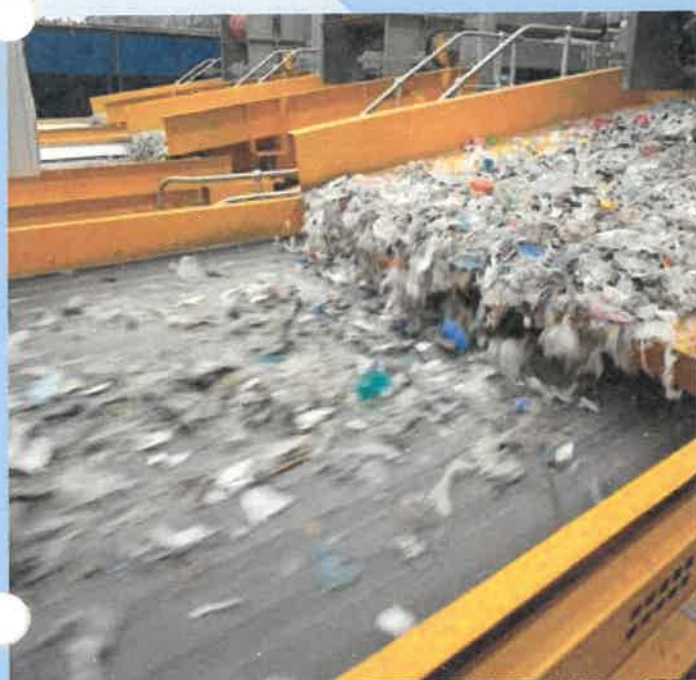
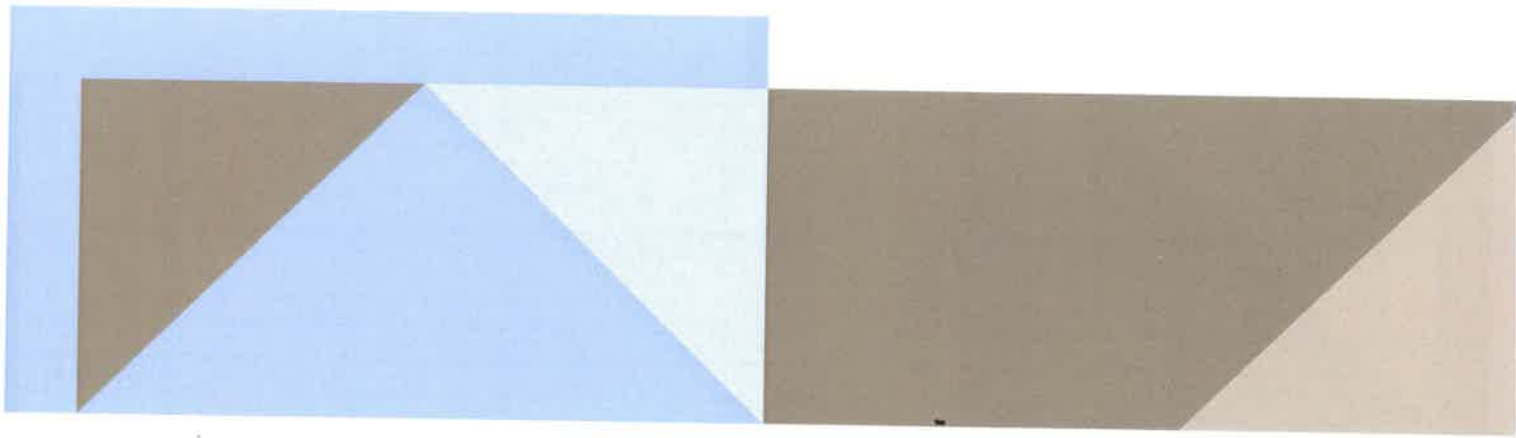


JULY 2013

# VICTORIAN GOVERNMENT RESPONSE TO THE REPORT OF THE MINISTERIAL ADVISORY COMMITTEE ON WASTE AND RESOURCE RECOVERY GOVERNANCE REFORM





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## THE VICTORIAN GOVERNMENT RESPONSE TO THE REPORT OF THE MINISTERIAL ADVISORY COMMITTEE ON WASTE AND RESOURCE RECOVERY GOVERNANCE REFORM

The Minister for Environment and Climate Change (the minister) the Hon. Ryan Smith established the Ministerial Advisory Committee on Waste and Resource Recovery Governance Reform (the Committee) in early 2013 to provide advice on the governance arrangements that would be needed to deliver *Getting Full Value: The Victorian Waste and Resource Recovery Policy*. The new waste and resource recovery policy is a critical deliverable of the government and the minister. The Committee presented their report to the minister on 31 May 2013.

The Victorian Government accepts the majority of the recommendations from the Ministerial Advisory Committee on Waste and Resource Recovery Governance Reform. The Committee has recommended a structural shift in the institutional arrangements for the sector to deliver the objectives of the policy.

The Committee's Report contains twenty recommendations. The Government Response outlines support for the majority of these. However four sub-recommendations, are 'Supported in Principle' and two sub-recommendations are 'Not Supported'.

### Strengthening regions

At a regional and local level, the Victorian Government supports the Committee's recommendations to strengthen Regional Waste Management Groups (RWMGs) by giving them clearer statutory powers to undertake regional waste planning for all waste streams and to facilitate joint procurement by local governments. The government supports the recommendation to reduce the number of Regional Waste Management Groups (RWMGs) from twelve to six (plus a Metropolitan Waste Management Group), with a strengthened board structure that enables local government representation alongside expertise and skill based directors. This governance model joins and respects local and state interests.

The ongoing potential to realise economies of scale and to consolidate resources with joint approaches to waste issues (particularly planning and procurement) by groups of local governments, is a good argument for the retention of RWMGs. Larger groups of local governments within the new RWMGs will enable regional and rural communities to realise the potential benefits of consolidated resources.

In determining the appropriate boundaries for the new RWMGs, the Committee reviewed the work previously undertaken by Sustainability Victoria (SV) on this issue, and considered a range of key criteria (for example transport routes, waste volumes and flows, communities of interest, and the hub and spoke model as enunciated in *Getting Full Value*). It also considered the benefits of alignment of the groups to the regional boundaries of the Department of Environment and Primary Industries (DEPI), given the benefits of coordinating action between different levels of government.

The government will work closely with local governments, Regional Waste Management Groups, their staff and stakeholders to manage a transition process with involvement of affected parties.

### Facilitating joint procurement

The Victorian Government supports the Committee's recommendations regarding increasing the level of joint procurement of waste infrastructure and services by local government.

Achieving better outcomes for Melbourne and regional Victoria will require a greater degree of collaboration across local government on difficult issues (such as closing sub-standard landfills). Additionally there is an opportunity for more joint procurement between local governments to underpin investments at a scale that minimises costs while achieving the environmental objectives and waste management goals. The Victorian Government supports providing local governments who jointly procure through the new RWMGs with the same exemptions to sections 186 and 193 of the *Local Government Act 1989* as applies to metropolitan local governments under the Metropolitan Waste Management Group (MWMG) model.

The Victorian Government supports the recommendations to establish guidelines for joint procurement. The current agency or joint contract models developed by the MWMG could form the basis of guidelines, with an emphasis on appropriate management and allocation of financial risk and liability.

### Integrated waste infrastructure planning

The Victorian Government's new waste and resource recovery policy *Getting Full Value* is focused on market driven resource recovery, through an integrated and efficient system that maximises the economic value of waste while reducing its environmental harm and potential public health risks. To address this challenge, the government supports the Committee's findings on the need for a coordinated statewide approach to waste infrastructure planning, across all waste streams, supported by regional and local input and implementation. The suggested structure and content of the proposed statewide plan, with associated regional plans and infrastructure schedules presents a coordinated and tiered planning approach.

A transition from current plans and planning approaches will be needed to ensure certainty for stakeholders and waste service providers. The transition to the new waste planning framework will therefore build on the current work of SV to develop a draft Statewide Waste and Resource Recovery Infrastructure Plan and of the MWMG to develop a revised Metropolitan Waste and Resource Recovery Strategic Plan. It will be important that the planning efforts at a state and regional level are actively integrated, nesting state directions with regional priorities.

### Effective linkage to land-use planning

Land-use planning is a critical part of establishing new waste management and resource recovery sites and long term planning for waste infrastructure must link more effectively to spatial planning for Victoria.

Therefore the Victorian Government supports the Committee's recommendations regarding the need for waste planning to more effectively link to, and coordinate with the State Planning Policy Framework, *Metropolitan Planning Strategy* and Regional Growth Plans across the state. This will ensure the location of existing and future waste facilities are known and planned for in all aspects of state land-use planning. It is important that buffers for landfills and resource recovery infrastructure are defined, protected and maintained.

### Role of agencies

The current institutional and governance arrangements relating to the waste management sector are complex and have resulted from multiple changes over many decades. Alongside the need to integrate statewide, regional and local waste planning, the Committee found that the current institutional arrangements of public sector agencies are not optimal.

The Victorian Government supports the Committee's recommendations to build on work already undertaken to further consolidate and focus Sustainability Victoria's role on facilitating and coordinating waste and resource efficiency programs to support *Getting Full Value*. In the short term this will be achieved through relatively minor changes to the mix of skills on the SV board. However the government does not support the Committee's recommendations regarding the transfer of responsibility for energy efficiency program delivery from SV, due to the outcomes of the organisation's recent review. Consistent with this, the government does not support the need to change the representation of the Minister for Energy and Resources on the SV board.

The government will also build on current portfolio coordination to ensure consistent and collaborative governance of public sector agencies. The government supports the Committee's recommendations to continue developing improved coordination through the executive level Portfolio Coordination Committee, and also accepts the Committee's recommendations for the establishment of an officer level Waste and Resource Recovery Task Group to improve coordination and collaboration between SV, Environment Protection Authority (EPA), DEPI and the Regional and Metropolitan Waste Management Groups at a senior staff level.

### Market development

The Victorian Government is committed to working to 'develop the right conditions for resource recovery markets to grow and mature in Victoria' by improving the supply-side activities, and thus commits to working closely with local governments and industry' (*Getting Full Value* Strategic Direction 5.1). The policy emphasises market 'pull' rather than market 'push' to deliver sustainable outcomes that minimise government intervention, other than to achieve environmental and public health outcomes. Accordingly the government supports the Committee's recommendations for SV to be the lead agency to drive statewide market development strategies and to liaise closely with MWMG, RWMGs and local government where new opportunities are identified and local input is needed.

### Landfill levy

The Victorian Government supports the Committee's recommendations regarding the streamlining of the current complex arrangements for the administration of the Sustainability Fund. Moving the financial management of the fund to DEPI will reduce perceptions of conflict of interest but will require revision of the governance framework of the fund. The government also accepts the Committee's recommendations regarding the need for improved transparency of the landfill levy through consolidated reporting. This can be achieved through publication of consolidated reports in the DEPI annual report. The government also accepts the recommendation that the use of regulation to distribute landfill levy funds to agencies is administratively complicated and does not align with how the government manages similar funds in other portfolios. The government will explore the capacity for levy funds to be distributed through alternative mechanisms.

### Capacity review and transition

The government will assess the distribution of resources to all agencies affected to ensure the reform proposals and cost of future organisations are carefully assessed. It is important to ensure that the proposed reforms and amalgamated organisations are implemented on a sustainable financial basis. It is expected that amalgamating twelve organisations into six may deliver cost efficiencies. The government is committed to working with RWMGs to ensure best efforts are made to find roles for all existing staff. This reflects the government's ongoing commitment to maintaining frontline staff and service delivery in rural and regional Victoria.

The government accepts the need to deliver the administrative and legislative changes foreshadowed, in partnership with affected organisations and their staff. DEPI will plan and oversee a transition process to implement the Government's Response, and commits to working with impacted stakeholders across the sector to identify and resolve transition issues early in the process. DEPI also commits to ensuring human resource issues are an important focus, to ensure fair, equitable and transparent change is central to the transition process.

### Response to individual recommendations

A full list of the government's response to individual recommendations is outlined in **Attachment A**.

The government will seek to amend the *Environment Protection Act 1970* (EP Act) and the *Sustainability Victoria Act 2005* (SV Act) to reflect these changes as soon as is practicable.

## Attachment A

### Response to recommendations of the Ministerial Advisory Committee on Waste and Resource Recovery Governance Reform

#### Recommendation 1 : Infrastructure planning - strategic

- 1.1 The Committee recommends that SV should be responsible for the development of a Statewide Waste and Resource Recovery Infrastructure Plan (SWRRIP). The following considerations should apply:
- > The SWRRIP must be a statutory plan so that it can intersect with other statutory systems such as the State Planning Policy Framework (land-use planning) at a strategic level.
  - > The broad parameters of the SWRRIP should be legislated within the *Environment Protection Act 1970* (EP Act). These should be at a high level, rather than at a prescriptive level of detail. Detail could be provided through Ministerial Guidelines called up in the Act.
  - > Ministerial Guidelines should establish detailed content for the plans and processes for accountability, transparency and consultation.
  - > The final SWRRIP submitted to the minister should include the Metropolitan and Regional Waste and Resource Recovery Implementation Plans as incorporated plans, although this requirement could be waived for an interim SWRRIP prepared for finalisation in 2013-14 (see Recommendation 3).
  - > SV should be required to consult the DEPI, EPA, MWMG and RWMGs, the Department of Transport, Planning and Local Infrastructure, Places Victoria and local governments in the making of the SWRRIP.

#### Response : SUPPORT

- > The Statewide Waste and Resource Recovery Infrastructure Plan (SWRRIP) will build on recent work by SV to map long-term trends in waste generation, population, waste infrastructure at a statewide scale over a 30 year time horizon. This is a key action for the delivery of *Getting Full Value*.
- > The first SWRRIP will be developed following EP Act Amendment and public and stakeholder engagement.
- > Over the next three years, as RWMGs are amalgamated, regional implementation plans that integrate with the SWRRIP will be completed.

#### Recommendation 2 : Solid industrial waste management plan

- 2.1 The Committee recommends that the legislative requirement for a Solid Industrial Waste Management Plan be removed from the EP Act.

#### Response : SUPPORT

- > The previous requirements for the development of a Solid Industrial Waste Management Plan will be met substantially through the development of the SWRRIP but also through specific market development strategies and targeted analysis.

### Recommendation 3 : Infrastructure planning - implementation

- 3.1 The Committee recommends that MWMG and the six proposed RWMGs (see Recommendation 8) develop Waste and Resource Recovery Implementation Plans (WRRIPs). The following considerations should apply:
- > The draft plans should be guided by and be consistent with the directions in the draft SWRRIP.
  - > They each include a Draft Infrastructure Schedule (see Recommendation 4).
  - > As with the SWRRIP the broad parameters of the WRRIPs should be legislated within the EP Act and these should be at a high level, rather than at a prescriptive level of detail. Detail could be provided through ministerial guidelines called up in the Act.
  - > That SV be responsible for ensuring integration of the Draft WRRIPs and Draft SWRRIP into a Final SWRRIP to be approved by the minister.
  - > The WRRIPs and Infrastructure Schedules should not become incorporated into the SWRRIP for approval by the minister unless they align with the SWRRIP. Ensuring alignment should remain the responsibility of SV.
  - > A phased approach to the development of these new plans be considered to give time to develop expertise within SV and within reformed RWMGs.
  - > SV should provide practical support to RWMGs for the development of WRRIPs.
  - > The planning framework should require cross regional boundary planning.
  - > Local council plans should be required to be consistent with WRRIPs. To promote ownership of these plans the draft WRRIPs should be formally noted by resolution of each constituent council.

#### **Response : SUPPORT**

- > Regional Waste and Resource Recovery Implementation Plans (WRRIP) will connect waste resources and infrastructure planning with the budgets of local government and industry for the delivery of the objectives of *Getting Full Value*.
- > The strengthened regions approach recognises the importance of effective partnership between state and local government to improve delivery of the *Getting Full Value*.
- > WRRIPs will reflect the broad directions of the Statewide Waste and Resource Recovery Infrastructure Plan (SWRRIP), but plan for delivery of infrastructure over a 5-10 year planning time horizon.

- 3.2 The EP Act should be amended to replace the requirement of the MWMG and the RWMGs to prepare Draft Regional Waste Management Plans and the Metropolitan Waste and Resources Recovery Strategic Plan with the new requirement to prepare Draft WRRIPs.

#### **Response : SUPPORT**

- > Over the next three years, as RWMGs are amalgamated, existing regional plans will be replaced by Regional WRRIPs. The significant recent analysis and planning of the MWMG to update the Metropolitan Waste and Resource Recovery Strategic Plan will become the Metropolitan WRRIP. In regional Victoria, WRRIPs will be developed through a phased approach to align with organisational changes and capacity.

## Recommendation 4 : Landfill and infrastructure schedules

- 4.1 As part of the requirements for new WRRIPs the Committee recommends that:
- > The new WRRIPs include Draft Infrastructure Schedules (including landfill schedules). These must be referred by SV to the EPA for a compliance check against environmental criteria and then incorporated, as appropriate, into the SWRRIP.
  - > The Regional and Metropolitan Infrastructure Schedules should draw on statewide information and data from the draft SWRRIP, and on local government assessment of likely future infrastructure needs, service levels, community satisfaction assessments, site assessments, budget projections and scenarios for waste and recycling volumes based on different kerbside service levels.

### Response : SUPPORT

- > To ensure Victoria plans for its waste needs well into the future, Infrastructure Schedules for waste and resource recovery infrastructure and landfills will link statewide and regional data assessment, community assessment and industry needs assessment.
  - > An integration process through Sustainability Victoria, with referral to EPA for environmental assessment, will ensure that schedules are coordinated and integrated with state objectives but reflect local and regional needs.
- 4.2 The government consider tasking DEPI with evaluating the impact of, and ongoing need for, landfill schedules as a regulatory instrument, in consultation with key stakeholders.
- 4.3 A review process, managed by SV, should be undertaken to enable proponents to propose additional landfill sites, not included on the draft regional infrastructure schedules, to be incorporated into the SWRRIP by SV.

### Response : SUPPORT

- > DEPI will undertake an evaluation of the need for landfill schedules as a regulatory tool, in consultation with EPA and SV.
- > In undertaking this review the government will be mindful of the need to ensure supply of landfill capacity into the future while managing the impacts of uncontrolled development. Government is also mindful of potential legal implications with any reform in this area.
- > The implementation of sub-recommendation 4.3 is dependent upon the outcomes of the review of the need for landfill schedules (4.2 above).



## Recommendation 5 : Infrastructure planning - statutory land -use planning

- 5.1 The Committee recommends that DEPI, in partnership with SV, establishes stronger waste planning links to state land-use and transport planning, to ensure current and future waste assets and buffer requirements are identified and, where required, protected.

### Response : SUPPORT

- > DEPI is well placed to engage strategically with whole of government strategic planning for growth and development, and has actively engaged in the recent development of the *Metropolitan Planning Strategy*. This will ensure existing and future sites for waste and resource recovery infrastructure are planned for as part of strategic planning for Victoria.
- > SV, MWMG and the RWMGs also have roles in improving links to land-use planning. SV will focus on facilitating capacity, across industry and local government, such as by information sharing and communicating good practice examples.
- > RWMGs and the MWMG also have a role working at the local planning scheme level with local government and industry to ensure planning schemes effectively use provisions to improve the identification and protection of current future landfill and infrastructure sites.

- 5.2 WRRIPs should be referenced in Victoria Planning Provisions clause 19.03-5 Waste and Resource Recovery. These plans must then be considered where relevant in all planning decisions relating to the use and development of land.

### Response : SUPPORT

- > Referencing the regional implementation plans in the Victoria Planning Provisions (VPP) will facilitate protection of buffers and separation distances to ensure other land use activities do not impinge or encroach on waste and recovery facilities.

- 5.3 A new 'landfill and waste infrastructure' planning scheme overlay be developed and applied to protect existing and future sites for waste infrastructure and buffers to these sites.

### Response : SUPPORT IN PRINCIPLE

- > While it is understood that a new overlay is sought, there is limited supporting evidence to suggest that existing overlay and other controls in the VPP are inadequate to manage waste facilities.
- > The preparation of both regional and metropolitan Waste and Resource Recovery Plans endorsed by both the EPA and the Minister for Environment and Climate Change supported in recommendation 5.1, will provide the policy environment to guide appropriate decision making.
- > The proposed referencing of endorsed plans in the State Planning Policy Framework, proposed under recommendation 5.2, will provide the statutory recognition and strength to complement and support existing overlay and buffer controls found within the VPP.

## Recommendation 6 : Procurement

- 6.1 Increasing the level of joint procurement of waste services by local governments, where this can reduce costs and/or improve environmental outcomes, be specified as a key priority of all waste management groups.

### Response : SUPPORT

- > There is opportunity to further support the joint procurement of waste services and infrastructure by local governments. Joint procurement offers efficiencies of scale and opportunities for local government to join up waste volumes collected at kerbside. Larger scale technologies and potential economies of scale then become more realistic, offering regional communities potential benefits.
- > Local government will still want to manage and determine service levels for their communities, and need to balance up joint procurement opportunities against risk and financial commitment.

- 6.2 Multi-pronged procurement options be actively encouraged for both MWMG and RWMGs. These could include, but not be limited to:

- > The use of dedicated procurement agencies, specialist consultancies, standard contracts, specifications and tender evaluation methodologies; and
- > Sharing of expertise and resources from council contract/procurement units.

### Response : SUPPORT

- > Through the work of organisations such as the MWMG, Procurement Australia, Local Government Victoria and MAV Procurement, Victorian councils have started to build experience and confidence with joint tendering and contracting for waste infrastructure. Local government currently access a range of specialist procurement agencies and services. The government and local government support this multi-pronged approach.

- 6.3 SV should support joint procurement through the development of standard contracts, templates and guidance materials as support tools, where this addresses demonstrated common gaps and needs.

### Response : SUPPORT

- > The use of standard contracts, templates and guidance developed in partnership with practitioners can assist with practical delivery and improvements for the whole sector. SV will support the sharing of good practice and successful approaches.

## Recommendation 7 : Procurement for waste infrastructure

- 7.1 The Committee recommends that where a RWMG identifies an opportunity for joint procurement by a set of councils within its boundaries, all those councils should participate in this procurement process unless there has been a formal resolution by a council (at a council meeting) to opt-out, along with the publication of the reasons for that opt-out.

### Response : SUPPORT IN PRINCIPLE

- > This approach might discourage ad hoc participation in joint procurement, and provide greater certainty for tender processes. However, an individual local government's capacity to make independent decisions regarding their financial and infrastructure costs might be compromised if this was a requirement.
- > Local governments might voluntarily agree to this approach to joint procurement if it is to be successfully implemented. The government will work further with local government to determine the suitability of this approach.

- 7.2 The Committee recommends that the EP Act be amended to give councils procuring through the six RWMGs the same exemptions to Sections 186 and 193 of the *Local Government Act 1989* as per those procuring through the MWMG, to facilitate joint procurement by councils.

### Response : SUPPORT IN PRINCIPLE

- > MWMG is in a unique position in so far as when a local government enters into a contract, arrangement or agreement with the MWMG, or engages in procurement activities with MWMG, the local government is exempt from certain tendering and contracting obligations under sections 186 and 193 of the *Local Government Act 1989*.
- > The government supports the same extensions applying to local governments procuring in partnership with the new RWMGs, on the provision that the tendering and contract processes used by an RWMG are deemed to satisfy the requirements set out in the *Local Government Act 1989*.

- 7.3 The Committee recommends that to ensure management and allocation of risk and liability, the current agency or MWMG joint procurement contract models be further tested with the Department of Treasury and Finance, and form the basis of guidelines for joint procurement. RWMGs can then avail themselves of either the current agency arrangements in the *Local Government Act* or the specific MWMG procurement model.

**Response : SUPPORT**

- > The statutory structure of proposed regional groups and the existing MWMG manages some risks but much of the actual risk control must be managed through appropriate contract arrangements where roles and liabilities are clearly defined and allocated.
- > The government supports the development of more guidance and the development of expertise to ensure sound and tested procurement and contracting models for joint procurement. Existing models could form the basis for the development of guidelines that could be approved through the Department of Treasury and Finance.

## Recommendation 8 : Strengthened Regions

- 8.1 The Committee recommends that the number of waste management groups be reduced to six regional groups, and one metropolitan group (whose boundary would be extended to cover the Mornington Peninsula Shire). Implementing this option will require:
- > The twelve RWMGs be amalgamated into six RWMGs.
  - > Extending the MWMG boundary to cover the Mornington Peninsula Shire.
  - > The new RWMG boundaries being grouped around waste flows, transport links and communities of interest with each RWMG containing a major regional centre.
  - > The boundaries for the six new RWMGs being aligned where possible with SV/EPA/DEPI boundaries, to allow for co-location in offices and other corporate overhead savings.
  - > The six RWMGs being statutory bodies established under the EP Act.
  - > RWMGs and the MWMG taking responsibility for planning for all waste streams, including construction and demolition, and commercial and industrial, consistent with the statewide strategies developed by SV.
  - > The new RWMGs having core functions focused around the delivery of *Getting Full Value*.

**Response : SUPPORT**

- > The government supports the recommendation to reduce the number RWMGs from twelve to six, with a strengthened board structure that enables local government representation and expertise and skill based directors, a role to plan for all waste streams (currently RWMGs only focus on municipal solid waste) and clearer statutory powers to undertake regional waste planning and to facilitate joint procurement by local government.
- > The ongoing potential to realise economies of scale and to consolidate resources by joint approaches to waste issues (particularly planning and procurement) by groups of local governments, is a good argument for the retention of RWMGs but with significant strengthening, as outlined above.

- 8.2 To reflect the joint interest of the state and local governments in waste management service delivery, each RWMG should have a board of four members collectively nominated by the local councils within its boundary, and four members determined by the minister, based on the skills they bring to the group (as is the case for the MWMG). All appointments would require ministerial approval. In particular:
- > The Chair of the board be determined by the minister, and be drawn from one of the four local council nominated members.
  - > The RWMGs should have a similar body corporate structure to the MWMG. The MWMG should retain its local government waste forum and a similar forum be established for each region to provide for nomination of the local government board members in each region.
  - > The RWMGs should have similar capacity to enter into contracts to facilitate joint procurement as the MWMG, with risk allocation for major contract liabilities going back to the relevant local government(s).
  - > RWMGs should be empowered to accept contributions from councils and other stakeholders for funding waste management projects and programs.

**Response : SUPPORT**

- > The new RWMG boards will have four local government representatives and four skill based members, rather than direct representation from each local government.
- > This unique board model provides for directors with a wider set of expertise while retaining local government representation in recognition of their role in provision and funding of waste service and infrastructure delivery.
- > Regional forums established under the EP Act will facilitate the fair and transparent nomination of the four local government representatives. This replicates what has been an effective approach for the MWMG.

- 8.3 The groups should not deliver or own waste management or recycling services. Their role should be to facilitate joint planning and procurement for and on behalf of local governments.

**Response : SUPPORT**

- > It is important to limit the liability of the new RWMGs. The major liability and cost for development of waste services and infrastructure should be held by local government or industries, not by relatively small planning and facilitation organisations.

- 8.4 Restructured regions have four principal functions (only) and their resources should be reprioritised around these functions:
- > Development of regional WRRIPs including landfill and resource recovery infrastructure draft schedules.
  - > Facilitation of joint procurement of infrastructure and services in partnership with local governments.
  - > Education in accordance with the state's education approach.
  - > Projects as funded by SV, councils and other organisations.

**Response : SUPPORT**

- > These priorities will be the basis for the new RWMGs to undertake development of their business plans. The focussed functions will mean there is less duplication of effort between agencies and the RWMGs can deliver where they have the most unique value.

## Recommendation 9 : A strengthened and focused role for SV

- 9.1 The Committee recommends that successful delivery of the recommended reforms will require a much stronger role and focus from SV. The Committee recommends that there be significant changes to SV's capacity and capability to deliver under this option. Changes would include:
- > The minister direct the board of SV, through a Statement of Expectations, to focus its efforts on the effective implementation of *Getting Full Value*, through delivering:
    - > statewide planning and policies to facilitate infrastructure delivery and protection of existing assets;
    - > statewide education;
    - > funding infrastructure development where there is a clear role for government;
    - > market development facilitation; and
    - > supporting the governance, regional planning and procurement facilitation roles of the MWMG and RWMGs.

**Response : SUPPORT**

- > A Statement of Expectations is a direct and efficient way for the minister to establish clear priorities for SV for delivery of *Getting Full Value*. This Statement along with the actions outlined in the *Getting Full Value* Implementation Plan will ensure SV's role and responsibilities are clearly articulated.
- > A Statement of Expectation that mandates a cyclical review process also allows for a periodic reflection and revision of priorities, without the rigidity of legislative review.
- > As agreed through the alignment of portfolio roles, DEPI will continue to develop policy and have oversight of governance, while SV will deliver programs.

- 9.2 The minister seek the agreement of the Minister for Energy and Resources for the transfer of responsibility for energy efficiency to the Department of State Development, Business and Innovation (DSDBI), and for subsequent change to the *Sustainability Victoria Act 2005* (functions and board approval processes).

**Response : NOT SUPPORTED**

- > There has been significant work over the past two years to implement the Government review of SV, refocussing much of the work of SV on waste and resource recovery. However at this stage, energy efficiency will continue to be a function for SV and it is therefore not appropriate to transfer this role.

- 9.3 The minister seek the agreement of the Minister for Water for the transfer of responsibility for water efficiency to the Office of Living Victoria, and for subsequent changes to the SV Act (functions and board approval processes).

**Response : SUPPORT**

- > This recommendation aligns with reforms already implemented that have transferred responsibility for water efficiency to the Office of Living Victoria.

- 9.4 In the longer term the minister should consider taking the opportunity to signify SV's refocus on waste with a name change. Suggestions include 'Waste Victoria' or 'Value Waste Victoria'.

**Response : NOT SUPPORTED**

- > The implementation of this recommendation would depend on a future review of SV, assumptions about its future program delivery roles and relationships to other areas of government.

- 9.5 That SV build its capacity and skills in specialist technical areas critical to delivery of *Getting Full Value*.

**Response : SUPPORT**

- > SV will address this in partnership with DEPI through the development of its annual Business Plan but also through the development of business and project planning for priorities in the delivery of the *Getting Full Value* Implementation Plan.

## Recommendation 10 : SV Board

- 10.1 The Committee recommends the following changes to the make-up of the board to increase the organisation's capacity to deliver under the preferred model. The following changes are recommended:
- > Within the current maximum of nine board members ensure that a minimum of two members have skill and experience in waste management within local government, and at least two members have waste industry background or skills. The number of board members with background or skills in procurement and finance should also be increased. These criteria are in addition to the existing board skills outlined in the EP Act.
  - > To minimise perceptions of any conflicts of interest, in future EPA or DEPI officials should not be appointed to the SV board.

### Response : SUPPORT

- > This recommendation seeks to ensure that key stakeholders, such as local government and waste industry experts, are more strongly built into the SV board. It signals the need to demonstrate to these stakeholders that their interests are being considered at the strategic board level.
- > It also recognises that to successfully implement the proposed governance reforms, SV and DEPI will need closely collaborate with these sectors.

## Recommendation 11 : Portfolio and inter-agency coordination

- 11.1 The Committee recommends that DEPI, EPA and SV Chairs and CEOs continue to strengthen portfolio coordination of policy, strategy and program initiation through the Portfolio Coordination Committee.

### Response : SUPPORT

- > This recommendation builds on the improved and collaborative approach that has been implemented in the portfolio to address the Victorian Auditor-General's Office recommendations over the past two and a half years.

- 11.2 The Committee recommends that SV establish and chair a 'Waste and Resource Recovery Task Group' involving senior representatives from DEPI, EPA, SV, MWMG, RWMGs and local government, meeting at least quarterly, to build alliances and ensure delivery of policy and plans.

### Response : SUPPORT

- > The aim of this task group is to build the alliance between senior officials at the state and local level, and reflects the need for improved collaboration and joint decision making between the two levels of government.



- 11.3 The Committee recommends that amendments to the EP Act formalise the requirement for collaboration and consultation with metropolitan and regional bodies, industry, local government and other authorities, particularly in the making of plans.

**Response : SUPPORT**

- > This recommendation will be addressed through the inclusion of high order statutory consultation processes in the EP Act Amendment in the context of the waste planning framework. Additional approaches will be formalised through the Ministerial Guidelines under the EP Act for the various new waste plans.

## Recommendation 12 : Administration of the Sustainability Fund

- 12.1 The Committee recommends that, to address potential conflicts of interest, and to streamline complex institutional and governance arrangements, that:
- > DEPI should play the lead role of advising the minister on expenditure from the fund.
  - > The role of financial management of fund be undertaken by DEPI, with oversight from DEPI's internal audit committee.
  - > Given the changes recommended to roles above, the current provisions related to the Sustainability Fund Advisory Panel be repealed in the EP Act.

**Response : SUPPORT**

- > The governance processes for the Sustainability Fund have recently been reviewed and strengthened and are operating adequately. However the administration of the Sustainability Fund is still complex, and this complexity mitigates clear and transparent accountability.
- > The government supports the recommendations with regard to the transfer of the financial management of the fund from SV to DEPI Corporate Finance. The current Sustainability Fund governance framework will also need to be revised to support the new arrangements.
- > It will be important to ensure clear separation of the fund management role from any DEPI policy role or division, to ensure that real and perceived conflicts of interest can be managed.
- > The government accepts the recommendation to repeal the Sustainability Fund Advisory Panel as its role is no longer clear and to some extent duplicates the advisory role of the agency boards.

### Recommendation 13 : Transparency of the landfill levy

- 13.1 The Committee recommends that there be greater transparency of the collection and distribution of the landfill levy and Sustainability Fund. This should be achieved by:
- > Consolidating all levy reporting in the DEPI annual report. This should include information about disbursements (currently in the SV Annual Report) and information about the balance of the fund (currently in the EPA Annual Report).
  - > Regularly publishing the funding priorities for the distribution of the Sustainability Fund with the annual reporting.

#### Response : SUPPORT

- > The government accepts the Committee's recommendations regarding the need for improved transparency of the collection and distribution of the landfill levy through consolidated reporting.
- > This can be achieved through publication of consolidated reports in the DEPI annual report.

### Recommendation 14 : Distribution of the landfill levy

- 14.1 In order to simplify the complexity of current arrangements the Committee recommends the government review the use of regulations for the distribution of the landfill levy, investigating alternative mechanisms. Under current arrangements, the EPA should continue to collect the landfill levy, but have no role in its distribution.

#### Response : SUPPORT

- > The use of regulation to distribute landfill levy funds to agencies is administratively complicated and does not align with how other parts of government manage similar funds. The government will explore the options for distribution of funds through alternative mechanisms.
- > It is important that any alternative mechanism gives portfolio agencies who receive landfill levy funds through an annual distribution more clarity and certainty of process and budgets. This will enable improved forward business planning.

## Recommendation 15 : Collection and reporting of waste data

- 15.1 The Committee recommends that roles and responsibilities in data collection across the waste portfolio be streamlined and clearly articulated with:
- > SV being responsible for the development and implementation of a data management governance framework. SV should develop standards and guidelines to ensure consistency, accuracy and timeliness of the data collected.
  - > A central data repository being managed by SV, allowing the comprehensive collation and easy and timely dissemination of data and information about waste data and flows. A central data 'warehouse' should be determined in order to avoid duplication of effort and reports.
  - > The data warehouse should enable ready and timely access by local and regional groups to shared data resources.

### Response : SUPPORT

- > SV currently collects a range of waste volume, type and flow data. *Getting Full Value* has identified the need to establish a data management framework that builds a structured and systematic approach to ensuring data validity, reliability and accessibility.
- > It will be important to ensure MWMG and RWMGs can utilise and access data sets to assist them with planning at a regional scale.

## Recommendation 16 : Reporting requirements for statutory bodies

- 16.1 The Committee recommends that administrative reporting requirements be streamlined to increase efficiency and minimise onerous requirements, given the different resource capacities of statutory authorities. This might include:
- > SV establishing a single point of contact for regions and coordination of information back to the MWMG and RWMGs. SV should have a greater role in the development and facilitation of templates, standard documentation and relevant proformas for waste management groups.
  - > RWMGs being required to complete annual reports via templates provided by SV that feed into a composite statewide annual report provided by the minister to Parliament. The MWMG would still report separately given the size of its operations.

### Response : SUPPORT IN PRINCIPLE

- > Before this recommendation can be implemented, the minister would need to be granted approval under the *Financial Management Act 1994* to present to Parliament a composite statewide report of all RWMG annual reports.

## Recommendation 17 : Market development

- 17.1 The Committee recommends that the minister direct SV, through a Statement of Expectations, to develop statewide market development strategies and to liaise closely with MWMG, RWMGs and local government where new opportunities are identified and local input is needed. This role would include SV facilitating:
- > Product stewardship, accreditation, programs and grants, sponsorship of trials and/ or pilot projects, establishing links to the National Product Stewardship Framework, relevant research and development, appropriate technology assessments on behalf of regions and identification of statewide priorities.
  - > The establishment of a cross government coordination committee that is a one-stop-shop for waste market development, including representatives of DEPI, EPA, DSDBI (particularly Regional Development Victoria and departmental investment facilitation experts), and other departments and agencies as required. This committee should be charged with providing timely and responsive advice and, where appropriate, support to investment proponents.
  - > The Committee recommends that SV should be designated as the lead agency to provide coordinated responses and support to proponents of opportunities to grow new markets.

### Response : SUPPORT

- > SV is an appropriate lead agency for the development of market development strategies. A statewide approach is needed that links to industry by connecting with waste producers, manufacturers and industry associations.

## Recommendation 18 : Community and business education for waste recycling

- 18.1 The Committee recommends that SV prepare a statewide community and business education strategy for waste and resource recovery, that cascades to the regional and local levels and can be tailored by the MWMG and RWMGs in association with local councils.

### Response : SUPPORT

- > SV is an appropriate lead agency for developing and coordinating statewide education.
- > SV will build on opportunities to work with and through local government, MWMG, RWMGs and other organisations in regional Victoria to more effectively deliver coordinated programs, rather than duplicating effort.

- 18.2 To delivery this strategy, SV should be responsible for coordinating education across all waste management groups through business plans to avoid duplication of effort, and budgeting should be allocated accordingly.

**Response : SUPPORT**

- > SV will use business and program planning to maximise the opportunities of delivering state strategies and programs through the strengthened RWMGs and the MWMG.
- > In regional Victoria, SV will work with RWMGs to determine optimal resource allocation and delivery models for programs. In working with RWMGs and the MWMG, while they develop their business plans, SV can assess the benefits and costs of working through and with groups. This will include streamlining the efforts of current regional education officers and SV facilitators (where they undertake education) to avoid duplication.

- 18.3 EPA should ensure waste related campaigns, such as those related to illegal dumping and littering, be developed in close consultation with SV, and their roll out be coordinated with waste management groups and local councils.

**Response : SUPPORT**

- > It is important that public information, education and regulatory messages are coordinated, and consistent, so that communities are not given contradictory or confusing advice.
- > Portfolio agencies will need to actively communicate and plan their programs to improve their coordination, avoid duplication, avoid potential public confusion and build on opportunities to align resources.

## Recommendation 19 : Education role in the regions

- 19.1 The Committee recommends that the previous full time education role in the regions should not be prescribed but, rather resources should be allocated according to priority areas as identified in the SV infrastructure and regional planning, statewide education plan, or market development strategies.

**Response : SUPPORT**

- > In line with the renewed focus for the amalgamated RWMGs on facilitating joint procurement, planning and market development, it is expected that there may be a need to address the balance of resources allocated to education.
- > This needs to be considered in the context of both a statewide education strategy and regional needs and efforts.
- > It is expected that, as the new RWMGs start to plan their future business, they will work collaboratively with DEPI and SV to agree on roles and programs in these areas.

## Recommendation 20 : Capacity of agencies and transition

The Committee recommends the following key priorities for successful transition to new arrangements:

- 20.1 That government review the relative distribution of resources of SV, MWMG and RWMGs to determine:
- > the optimal allocation of resources across the portfolio for delivery of the policy; and
  - > if supplementary resources are required for the effective delivery of functions across the portfolio, particularly given the Committee's structural reform recommendations.

### Response : SUPPORT

- > The government will assess the distribution of resources to all agencies affected to ensure the reform proposals and cost of future organisations is carefully assessed.
- > It is important to ensure that the proposed reforms and amalgamated organisations are implemented on a sustainable financial basis.
- > It is expected that amalgamating twelve organisations into six may deliver cost efficiencies.
- > The government is committed to working with RWMGs to ensure the best efforts are made to find roles for all existing staff. This reflects the government's ongoing commitment to maintaining frontline staff and service delivery in rural and regional Victoria.

- 20.2 That implementation of the Committee's recommendations and transition to the new institutional and governance model should be overseen by DEPI, to ensure a coordinated and planned approach.

### Response : SUPPORT


- > DEPI will establish an implementation team to ensure that the legislative, administrative and organisational changes needed to realise the reforms are coordinated. Although led by DEPI, the approach will be collaborative with portfolio agencies and will need to build on current and existing partnerships across the sector.

- 20.3 Implementation of the recommendations will require ongoing engagement with impacted stakeholders across the sector to identify and resolve transition issues early in the process. Human resource issues will require particular attention, sensitivity and ongoing consultation during the transition process.

### Response : SUPPORT

- > The government accepts the need to deliver the administrative and legislative changes foreshadowed, in partnership with affected organisations and their staff. DEPI will plan and manage a transition process for regional organisations, and commits to working with impacted stakeholders across the sector to identify and resolve transition issues early in the process.





**Accessibility**

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