

MUNICIPAL ASSOCIATION OF VICTORIA

8 August 2022

The Hon. Lily D'Ambrosio
 Minister for Energy
 Minister for Environment and Climate Action
 Level 16, 8 Nicholson Street
 East Melbourne VIC 3002

Delivered via email: lily.dambrosio@parliament.vic.gov.au

Dear Minister

Circular economy funding support package for councils

Over the last three years, the Victorian Government has progressed an ambitious and far-reaching reform agenda in relation to waste management and recycling. The MAV and Victorian councils have worked closely with the State on many of these reforms, including the transformation of the environment protection regulatory regime and elements of the Recycling Victoria policy.

While we and councils strongly support many of these reforms, the resourcing and financial impact on councils of such a substantial change agenda, has been significant. Mindful of the impacts of COVID-19, inflation and other cost of living pressures, councils have been working hard to minimise cost impacts on households. The cumulative impact of mandated service reforms, ongoing and new capital investment requirements, increased landfill levy rates, and higher service provider fees, however, makes this an extremely difficult challenge.

To assist councils to minimise cost impacts on households, I am writing to request your consideration of a new circular economy funding support package for councils. This should be a non-competitive grants package distributed using a modified version of the Victorian Local Government Grants Commission methodology for General Purpose Grants, utilising the waste management cost adjusters. We believe it would be appropriate for some portion of the fund to be distributed on a flat per-council basis, with the remainder distributed based on the allocation formula. We propose that the funding package comprise two streams as follows:

Fund name	Purpose	Quantum
Local Government Circular Economy Infrastructure Fund	Contribute to the capital costs of implementation of the household recycling reforms as well as construction, upgrades and improvements of council transfer stations, material aggregation sites and resource recovery centres	\$100 million (over 4 years)



Fund name	Purpose	Quantum
Local Government Circular Economy Capability Fund	Support councils to prepare, review and update waste and recycling policies, strategies and plans; undertake feasibility studies, risk assessments and audits; engage third party expert advice and assistance; training and professional development	\$20 million (over 2 years)

Infrastructure Support

Mandated new service requirements, strengthened environmental standards, and increasing community expectations have all resulted in significant waste and recycling capital costs for councils.

The requirement for councils to standardise kerbside bin lid colours and to offer households a four-stream service is costing the sector tens of millions of dollars to roll out. Provisional funding offers made by DELWP to councils indicate that at best the State may contribute between 5% and 25% of the capital costs, with many councils offered funding at the lower end. Rural councils that applied for and received funding to upgrade their transfer stations were subsequently advised by DELWP that they would receive less funding support for the household reforms, despite these councils having significant budget constraints.

For many councils, the costs of ensuring council transfer stations, resource recovery centres and landfills meet standards and expectations are prohibitive without securing State funding support.

We are seeking a four-year \$100 million Circular Economy Infrastructure Fund to contribute to the capital costs of implementation of the household recycling reforms as well as upgrades and improvements to council transfer stations, material aggregation sites and resource recovery centres.

Capability support

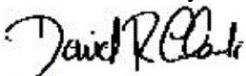
For most, if not all councils, the challenging task of preparing for, and implementing the Victorian Government reforms has been taken on by the same council staff responsible for ensuring the continued successful operation of councils' existing services. Unlike the DELWP waste and recycling team, which appears to have grown significantly over the last three years, the State has provided little, if any, funding support to councils to increase human capital to implement the reforms.

With the passage of the Circular Economy Bill through Parliament and the winding up of the seven waste and resource recovery groups (WRRGs), we are concerned that critical strategic and operational support provided by the WRRGs may not be picked up by Recycling Victoria. Beyond the very important collaborative procurement, regional infrastructure planning, and community education services that we understand will be continued by Recycling Victoria and Sustainability Victoria, the WRRGs also provided councils with highly valued support and advice for day-to-day operational and strategic duties. Without this support, we fear there will be a sizeable capability and capacity gap that will not only impact community waste and recycling services but also hamper Victoria's transition to a circular economy.

We are seeking a two-year \$20 million Circular Economy Capability Fund to help councils ensure their policies, plans and processes are fit for purpose and position councils strongly to support the transition to a circular economy. The funding should also be available to undertake feasibility studies, risk assessments and audits, engage third party expert advice and assistance, and to support the professional development and training of staff.

I would welcome the opportunity to discuss this proposal with you further.

Yours faithfully



CR DAVID CLARK
President

xx August 2022

The Hon. Lily D’Ambrosio
Minister for Energy
Minister for Environment and Climate Action
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Melbourne VIC 3002
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Dear Minister

Circular economy transition support

I write to seek your support for a new State-funded Local Government Circular Economy Funding Program to help minimise the cost impacts on households of implementing and delivering the Andrews Government’s ambitious circular economy reforms.

[council name] supports the Victorian Government’s ambition for an accelerated transition to a circular economy. The speed and scale of recent recycling reforms however have created significant resourcing and cost pressures on councils, with the requirement to standardise bin lid colours and reform household services expected to cost [council name] \$xx in capital costs alone.

Recognising the already significant cost pressures on households, we are working hard to minimise the cost impacts of these reforms on our residents. The combination of increased landfill levy rates, new service and infrastructure requirements, population growth, and ballooning capital works costs, however, makes this a very difficult challenge.

The recent winding up of the [insert name] Waste and Resource Recovery Group (WRRG) and uncertainty regarding the ongoing availability of some of the operational and strategic support provided by WRRG staff is only adding to the pressure on council.

I understand the MAV has recently written to you requesting establishment of a new funding support package for local government. [council name] supports the MAV’s request for a two-part funding package as described below:

Fund name	Purpose	Amount
Local Government Circular Economy Infrastructure Fund	Contribute to the capital costs of implementation of the household recycling reforms as well as construction, upgrades and improvements of council transfer stations, material aggregation sites and resource recovery centres	\$100 million (over 4 years)
Local Government Circular Economy Capability Fund	Support councils to prepare, review and update waste and recycling policies, strategies and plans; undertake feasibility studies, risk assessments and audits; engage third party expert advice and assistance; training and	\$20 million (over 2 years)

Fund name	Purpose	Amount
	professional development	

To minimise unnecessary administrative costs, we ask that this funding support be made available as a non-competitive grants package. We agree with the MAV's suggestion that allocation could adapt the existing methodology for allocation of Financial Assistance Grants, with a flat per-council component added.

I would welcome the opportunity to discuss this proposal with you further.

Yours faithfully

[AUTHOR]

[Position]