

Sustainability Fund Guidelines 2020

June 2020



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View of Melbourne from Eureka Tower © State of Victoria, DELWP

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Acknowledgment

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.



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Foreword

The Victorian Government understands that the environment underpins the wellbeing and liveability of all Victorians. Every time we reduce, reuse or recycle we are using less resources, generating less waste, reducing greenhouse gases associated with production and from landfill, lowering our environmental impact.

Victoria's landfill levies provide an important mechanism to reduce the amount of waste to landfill and to fund important initiatives to manage this waste more efficiently and reduce impacts on the environment. The revenue generated from these funds is then used to fund some of our important government environmental agencies before being transferred into the Sustainability Fund.

The Sustainability Fund is established to invest in initiatives that will support Victorian communities and businesses to address crucial environmental challenges in the legislated areas of sustainable resources use, waste management through innovation and stimulating viable industries, creating jobs for Victorians.

The Fund is a key driver of action on Climate Change, one of the most pressing issues that we face. Through targeted programs funded out of the sustainability fund, the government can reduce our greenhouse gas emissions, while preparing our communities, businesses and industry for the changes in the climate that have already been locked in.


Funds from the Sustainability Fund must be allocated in accordance with the *Environment Protection Act 1970*, the Sustainability Fund Priority Statement and these guidelines.

Changes to the *Environment Protection Act 1970* which came into effect from 1 July 2015 have improved the clarity and transparency of fund management, and in turn strengthened the effectiveness of the Fund and accountability for its management. This has been followed by the *Environment Protection Amendment Act 2018* which enhanced the protection of Victoria's environment and human health through a more proportionate, risk-based environment protection framework.

These Guidelines ensure that Victorians are able to understand how monies are allocated from the Fund.



The Hon DANIEL ANDREWS MP
Premier



The Hon LILY D'AMBROSIO MP
Minister for Energy, Environment and Climate Change

1. The Sustainability Fund

The Sustainability Fund (Fund) provides funding from Victorian landfill levies to programs and government initiatives which are required, under section 70F of the *Environment Protection Act 1970* (the Act), to foster:

- The environmentally sustainable use of our resources and best practices in waste management to advance the social and economic development of Victoria, or
- Community action or innovation in relation to the reduction of greenhouse gas substance emissions or adaptation or adjustment to climate change in Victoria.

Under the Act, the allocation of funds requires the joint consent of the Premier and the Minister for Energy, Environment and Climate Change (the Minister).

The Act also sets out the Principles of Environment Protection, which guide the objectives of sustainable development and resource use efficiency for Victoria.

2. Fund Governance and Priorities

To maximise the effectiveness of the Fund and ensure that a strategic approach is taken to the application of monies, the Act requires the publication of a Priority Statement and Guidelines.

Priority Statement

It is important that the Fund remains focused on key environmental priorities. The Priority Statement sets out how the Minister and Premier intend to apply money from the Fund to meet the objectives specified in section 70F(3) of the Act. If the priorities of the Fund change, a new Priority Statement will be produced.

As required under section 70B of the Act:

- a draft Priority Statement will be publicly released for comment;
- the Premier and Minister will consider any comments from the public prior to approving the Priority Statement; and
- the Priority Statement will be published in the Government Gazette and on the Department of Environment, Land, Water and Planning (DELWP) website.

Guidelines

This document provides guidance to the Premier and Minister as to how they will exercise their powers in relation to the application of monies from the Fund. Section 70C of the Act also requires that the guidelines be published in the Government Gazette and on the Department of Environment, Land, Water and Planning's website. A copy must also be laid before each House of Parliament, and may be disallowed in whole or part by either House of Parliament.

These Guidelines may be updated at any time in accordance with the above requirements.

Sustainability Fund Committee

The Premier and the Minister will be supported by a Sustainability Fund Committee (Committee) which will:

- oversee fund management to support Fund transparency and accountability; and
- provide impartial, strategic advice regarding all allocations from the Fund to the Minister prior to the Minister's and the Premier's approval.

Note: management of projects approved from the Fund rest with the funding recipient.

The Secretary of the DELWP may nominate the following members to form the Committee:

- independent Committee Chair; and
- a minimum of four independent members.

Consideration should be given to governance, financial management and expertise in the areas nominated in the government's priorities as articulated in the Priority Statement.

The Committee will be supported by the Sustainability Fund Team.

3. Fund Expenditure

Fund monies can be allocated either as:

- a grant to any of a wide range of recipients; or
- strategic initiatives which align with the purpose and priorities of the Fund and delivered through Government Departments and Statutory Agencies.

To further support transparency and accountability of the expenditure of Fund monies, DELWP will also publish the allocation of funds in its Annual Report. Once the Annual Report has been tabled in Parliament, a list of all Fund allocations to grants and strategic initiatives will be published on DELWP's website.

Who can receive funding?

Grant allocations from the Fund may be made to a wide range of incorporated or otherwise legally constituted entities. These include community groups, councils, government departments, statutory entities, non-government organisations and businesses. Funding is not available for individuals.

Funding is available for the direct costs of a project, which are defined by the Department of Treasury and Finance *Cost Recovery Guidelines* as costs that can be readily and unequivocally attributable to a product or activity because they are incurred exclusively for that particular project/activity.

Ongoing costs can also be funded.

Contractual Obligations

Entities receiving allocations from the Fund are required to enter into appropriate funding agreements. The agreements will align to the objectives of the Fund, and detail:

- all funding obligations, including the time frame over which funding will be available;
- progress and financial reporting requirements at defined intervals throughout the funding agreement; and
- acquittal procedures to close out the project, including both financial and performance outcomes.

Funding may be withdrawn if the project fails to deliver on agreed outcomes at specified review periods.

Financial Limit

There is no predetermined limit with respect to the amount of financial support available from the Fund for individual projects funded as grants or strategic initiatives.

4. Funding Allocations

In making decisions regarding the allocation of Fund monies, the Premier and the Minister will consider how the project meets the legislated objectives of the Fund as per section 70 of the Act, and the priorities as set out in the Priority Statement. The Premier and Minister will consider advice provided by the Committee.

Funding Considerations

The purpose of the Fund is to support projects, programs, services or technologies that will benefit Victoria environmentally, socially and economically. The project must therefore be implemented in Victoria. Preference is to be given to those initiatives that achieve the objectives of the Fund and foster employment, new technology and innovation, resource efficiency or ongoing behaviour change.

In considering proposals, the Committee provides advice as to whether funding proposals are:

- aligned with the legislative objectives of the Act to foster:
 - the environmentally sustainable use of our resources and best practices in waste management to advance the social and economic development of Victoria, or
 - community action or innovation in relation to the reduction of greenhouse gas substance emissions or adaptation or adjustment to climate change in Victoria.
- aligned with the expected outcomes of the strategic priorities of the Fund included in the Priority Statement.

Further Considerations

Applications must consider whether the project:

- does not duplicate state government programs already operating with respect to a specific environmental priority;
- is consistent with government policy objectives; meets state and national legislative requirements, and other relevant statutory approvals and permits; and
- is in accordance with these guidelines.

5. Further information

Further information about the Fund is available at www.delwp.vic.gov.au or by contacting the Sustainability Fund Secretariat at DELWP via: sustainability.fund@delwp.vic.gov.au.

