

# Recycling Rebate for Councils (RRC) affected by SKM Closure

## Frequently Asked Questions

### Q. What period does the funding cover?

- A. The funding will be applied towards costs incurred for the 16 week period from 26 July 2019 to 14 November 2019.

### Q. Will the rebate cover the full amount of additional costs my council will incur over the 16 weeks?

- A. The allocation of funding across the councils will be determined based on how many eligible councils apply and what their total forecast additional costs are. It is not likely that full funding of council expenditure will be covered by this program.

The rebate will only offset Materials Recycling Facility costs and landfill gate fees. While other costs such as transport will be recognised when calculating the pro-rata funding allocations, it is important that councils understand that these costs will not be rebated.

### Q. Why are transport and storage costs not eligible for funding?

- A. The Victorian Government has decided to offset the additional costs of alternative Material Recovery Facilities or landfill gate fees which can be directly attributable to SKM not operating. The formula for allocation of funds will take into account the broader costs incurred by any particular council in order to fairly apportion the funding.

### Q. Why do we have to provide information about our transport costs if this is not covered by the rebate?

- A. The Government must ensure that the funding is being allocated appropriately. It is important that only those councils that are incurring total additional costs receive the funding. The Government is aware that some councils may be incurring lower costs under their current arrangements compared with business as usual, due to significant savings in transport costs. In these cases a reimbursement of landfill costs would not achieve the intended outcomes of the program, which is to alleviate some of the net additional costs to councils resulting from the SKM closure.

### Q. How is the program minimising the amount of waste going to landfill?

- A. Councils are required to provide information about what alternatives to landfill have been considered as a condition of the funding. This will demonstrate that diversion of waste to landfill is a last resort, recognising that the diversion of material from landfill is, in some cases, financially unfeasible or not available.

### Q. My council is mixing its recyclables and landfill at the kerbside. Will the funding cover the additional cost?

- A. Yes, the additional costs incurred will be eligible for the funding as long as you can provide evidence of the additional costs. This may be in the form of a comparison to the 2018 collection tonnage data for recyclables separate from landfill material over the same period.



**Q. Does the funding relate to all recycling tonnages that were contracted to SKM (including C&I) or just kerbside?**

A. The program will only rebate costs relating to kerbside collection tonnage.

**Q. My council is storing waste – is this eligible for funding?**

A. If the stored waste is sent to landfill or an alternative processor at some point during the 16 weeks the cost of this is eligible for the rebate. Storage costs are not eligible for the rebate.

**Q. My council has a combined collection and processing contract and no costs have been passed on to council. Are we eligible for the rebate?**

A. The council is only eligible for the rebate if the council has incurred additional costs in managing its recycling as a result of SKM closure and can produce evidence of this.

**Q. What if SKM becomes operational during this period with increased gate fees under new ownership?**

A. The rebate will apply to any additional costs incurred however there will be no increase to the council's funding allocation.

**Q. Why have these particular dates been chosen?**

A. The funding is applied by the Victorian Government from 26 July 2019 as that was the date that SKM ceased receiving material. The announcement of the funding was made on 13 August 2019. The Forecast Costings are required to be based on diversion arrangements that were in place as at this date (unless otherwise agreed with DELWP in writing).

**Q. My council is planning to change its diversion arrangements before 14 November 2019 – can we include these plans in our forecast?**

A. Yes, provided these plans are submitted with the Expression of Interest.

**Q. What if our diversion arrangements change over the 16 weeks?**

A. Councils must submit their forecast of diversion arrangements for the 16 week period with the Expression of Interest. The forecast for future costs must be based on diversion arrangements that were in place as at 13 August 2019 (unless otherwise agreed in writing with DELWP). Allocations will be based on the forecast costs and will be capped at the allocated amount. Any additional costs that are incurred after allocations have been confirmed will not be reimbursed. If the actual additional costs turn out to be less than forecast the rebate will be reduced on a pro rata basis.

In the event that the total available funding is not fully allocated a second round may be offered to eligible councils to cover a portion of additional costs incurred.

**Q. How much information do I need to provide about our diversions?**

A. Councils must provide details on where the waste is being diverted to for processing or disposal (including secondary locations where material is being aggregated at a staging facility or transfer station), the volumes being diverted and associated costs, including gate fees, transportation, staging, aggregation and bulk haulage. Councils diverting to alternative MRFs are not required to provide information about where the material goes after it is sorted/processed by the MRF.

Councils must also provide information on what alternative options to landfill were considered.



**Q. Can we decline provision of our contract due to commercial in confidence?**

- A. No, provision of contracts is a requirement of the funding. Councils are required to provide, with their EoI submissions, a full copy (including all variations and amendments) of the council's contract with SKM, or its recycling collection contractor (where there is no direct contract with the processor) and its contract with its current recycling processing contractor (where applicable). Provision of contractual information is a requirement for eligibility but does not guarantee a council's eligibility.

The Government has asked the Essential Services Commission (ESC) to provide advice on potential regulatory options to improve the efficiency, innovation and long-term viability of the waste and resource recovery market. To ensure the ESC can provide comprehensive advice on these issues, the Government will be requesting that all Victorian councils provide – on a confidential basis – copies of their contracts for waste and resource recovery services.

DELWP will only use the contractual information as outlined in the Funding Conditions and Confidentiality document located at <https://www.environment.vic.gov.au/sustainability/recycling-rebate-for-councils-affected-by-skm-closure>.

Depending on the conditions under which the contract was originally approved, council will need to take the necessary actions to release this contractual information to DELWP.

**The required contractual information must be provided with the EoI by 13 September 2019.**

**Q. Our council is contracting multiple parties to sort, separate and process kerbside recyclable material. Is this eligible for the rebate?**

- A. Yes. For the purposes of this program this arrangement, including manual sorting, is considered to be a form of Material Recovery Facility and the costs associated with the sorting and processing of the material can be included. This includes in-house costs where it can be clearly demonstrated that the costs were directly related to the sorting/processing of material.

**Q. To what level does my council have to commit to participating in a collaborative procurement initiative?**

- A. Metropolitan councils will be required to submit a copy of the signed Management Deed committing the council to participate in the metropolitan collaborative procurement initiative.

Councils in the Barwon South West region are not required to make this commitment as there is no collaborative arrangement currently planned.

All affected councils in the Loddon Mallee region have committed and completed or are currently in the commitment stage of the joint procurement process and may state this when acquitting the funding.

All affected councils in Grampians Central West have already committed to the collaborative procurement initiative and may state this when acquitting the funding.

**Q. What kind of commitment does my council have to make around working with the Government on reducing waste?**

- A. Councils must make a statement of in-principle support to improve resource recovery and collaborate with the Victorian Government to achieve targets when set in the National Waste Policy. This is intended to ensure that councils are aware of the importance of the National Waste Policy and other work under way to improve resource recovery. It is not intended as a mechanism for mandating council activities. The State Government expects targets to be developed by the end of the year.



**Q. If we provide our acquittal documentation earlier than 28 February 2020 can we receive our second payment earlier?**

A. Yes. Payment can be made early if you can provide all the required evidence and documentation.

**Q. Can other councils apply if they are experiencing price increases with their current providers as a result of the SKM closure?**

A. No. The funding is only available to the 33 councils that were sending their kerbside recycling to SKM on 26 July 2019 and were therefore directly affected by the closure.

**Q. My council is not on the list of eligible councils but we were contracted to SKM earlier this year. Can we claim some of the funding to offset the increased cost of moving to an alternative provider?**

A. No. Councils which were not sending kerbside recyclable material to SKM as at 26 July 2019 are not eligible.

**Q. My council will also pursue cost recovery through other means – are we still eligible for the rebate?**

A. Councils are not eligible for the funding if they pursue cost recovery through other means during the funded period. If the additional costs for the same eligible items are recovered by other means, then the full rebate amount will need to be returned to DELWP.