



HAZWASTE FUND FRAMEWORK

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EXECUTIVE SUMMARY

This document sets out the framework for HazWaste Fund governance and management.

The purpose of the HazWaste Fund ('the Fund') is to accelerate reductions in the quantity and hazard category of hazardous waste (also known as prescribed industrial waste or PIW) generated in Victoria. The term 'hazardous waste' refers to contaminated soil and hazardous waste from manufacturing processes. The Fund is intended to be available for at least four years. An annual probity and performance audit of the program will be carried out to ensure continuous improvement.

The objectives of the Fund are to:

- reduce hazardous waste to landfill
- reduce the hazard category of hazardous waste disposed to landfill
- increase remediation of contaminated soil.

The Fund's objectives will be achieved through investment in three key areas:

- infrastructure and implementation projects
- research and development (R&D), and demonstration projects
- knowledge and capacity-building projects.

In achieving its objectives, the Fund aims to:

- ensure simple, effective, transparent and value-for-money reinvestment of hazardous waste landfill levy revenue
- deliver reinvestment and beneficial distribution of funds, with consideration given to the contributing source sectors
- deliver effectively and achieve the desired waste reductions of the strategy
- ensure sound marketplace communication of the opportunities for accessing the Fund.

This document is built on, and has been informed by, the Department of Planning and Community Development's (DPCD) *Best Practice Guide for the Administration of Grants* (Version 1.2, issued August 2007).

This document provides information for people interested in the framework; for example, industry, government, auditors, HazWaste Fund Panel members, EPA staff and the community.



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1. BACKGROUND TO THE FUND

In *The Sustainable State*, the Victorian Government committed to continuing to promote waste minimisation and reprocessing of hazardous chemicals to remove high-hazard waste from landfill by 2020.

In January 2007, Government developed a three-pronged strategy to reduce hazardous waste:

- Increase landfill levies to set market price points that make avoidance, reuse and recycling alternatives more financially attractive for industry.
- Reinvest the landfill levies back into industry to support the avoidance of waste generation, reuse, recycling and advanced treatment technologies.
- Put in place policy and regulatory drivers to divert waste from landfill; for example, banning large containers and oil filters from landfill.

This strategy was designed to reduce the disposal of Category B hazardous waste from manufacturing sources to about 60,000 tonnes in 2007–08 and to about 40,000 tonnes in 2008–09. Further reductions in the disposal of Category B waste of 5,000–6,000 tonnes per annum are targeted from 2009–10 onwards.

The Fund was established to achieve these targets by supporting organisations to accelerate reductions in the volume and hazard of hazardous waste generated in Victoria. Revenue from the additional levies effective 1 July 2008 for Category B contaminated soil and Category B and C hazardous waste from manufacturing sources contribute towards the Fund.

Funding is provided to enable improved hazardous waste management guided by the management principles of the waste hierarchy.

2. OBJECTIVES OF THE FUND

The objectives of the Fund are to:

- reduce hazardous waste to landfill
- reduce the hazard category of hazardous waste disposed to landfill
- increase remediation of contaminated soil.

In achieving these objectives, the Fund aims to:

- ensure simple, effective, transparent and value for money reinvestment of hazardous waste landfill levy revenue
- deliver reinvestment and beneficial distribution of funds, with consideration given to the contributing source sectors
- deliver effectively and achieve the desired waste reductions of the strategy
- ensure sound marketplace communication of the opportunities for accessing the Fund.

The performance of the Fund will be measured against key performance indicators (KPIs). KPIs will be established to drive both the level of levy reinvestment and the waste reduction outcomes.

3. HOW THE FUND OPERATES

(i) Fund eligibility

Fund support is available for projects targeted at reducing the volume or hazard category of hazardous waste disposed to landfill. Eligible wastes include hazardous wastes from manufacturing processes and contaminated soil.

The Fund is open to a wide range of incorporated, or otherwise legally constituted applicants. Primary targets for the Fund include:

- organisations that generate and dispose solid hazardous waste to landfill
- organisations that generate and dispose solid or liquid hazardous waste to treatment companies
- organisations that treat, recycle, remediate or reuse hazardous wastes
- organisations that own or develop land that is partially or fully contaminated, including infrastructure projects such as road and rail development.

Other organisations that may be eligible for Fund support include:

- consultants
- research organisations
- other funding agencies
- hazardous waste landfill owners and operators.

Throughout the process of communicating with this audience, and encouraging participation in the Fund, the need for confidentiality of proprietary information will be stressed with reference to the provisions of Section 60 of the *Environment Protection Act 1970*.

(ii) Project categories

Projects fall into one of three categories:

- infrastructure and implementation projects
- research and development (R&D), and demonstration projects
- knowledge and capacity-building projects.

(iii) Funding levels

There is no predetermined limit to the amount of financial support available from the Fund for individual projects. However, the level of funding sought should reflect the extent to which the proposal meets the objectives of the Fund. Funding assessments are based on the financial needs of the project in light of the environmental benefits that will be achieved, and the level of support available from other funding sources. Projects that have part funding from the applicant and/or partners will be viewed favourably.

(iv) Application process

The Fund features a two-part application process.

Stage 1 of the application process involves completing a brief application form outlining the key details of the project.

If the application is recommended to be explored in further detail, organisations will be requested to complete and submit a stage 2 application.

Stage 2 of the application process involves preparing a more detailed submission to the Fund. This may, depending on the type of application, require a detailed business case covering aspects such as:

- market research and analysis
- a marketing plan
- operational and financial plans
- an action plan with targets
- a monitoring framework including KPIs.

(v) HazWaste Fund Panel

A HazWaste Fund Panel (hereafter referred to as 'the Panel') has been established to inform Fund decision-making and investment priorities. Its membership is comprised of a cross-section of industry and government experts. The Panel's terms of reference outline their role as providing advice to the Chairman of EPA. Specifically the Panel's role will be to review:

- the commercial, innovation and technical aspects of specific applications and make recommendations on funding of such applications or otherwise
- review how to maximise the value of the Fund in accordance with the objectives of the Fund
- review current Fund strategy and provide recommendations for improvement
- performance of the Fund

For further detail on Panel membership, conduct, remuneration and appointment see Appendix 4.

(vi) Assessment criteria

The Panel will agree assessment criteria for the review of proposals to the Fund.

Factors that indicate a sound potential project may include:

- the project clearly meets the objectives of the Fund in a timely manner
- the project has committed partners
- the project has in-kind or monetary funding support from the applicant or partner/s
- the project has a realistic and clear budget
- the project has good supporting data, senior Executive support, supporting evidence, planning and an evaluation strategy
- the applicants have a good knowledge of the subject area
- the project is innovative
- the project has the potential to provide broad benefit to a range of stakeholders

Achieving a balance between large-scale organisations and small to medium organisations will be recognised in the assessment process. It is recognised that applications from small to medium organisations may not contain the same level of detail of those from larger organisations but they remain worthwhile projects that can support achievement of the Fund objectives.

(vii) Decision-making process

The Minister for Environment and Climate Change and the Chairman of EPA will make or delegate final funding decisions for Fund projects.

The Panel will review all proposals to the Fund. The Panel will make recommendations directly to the Chairman of EPA on each proposal.

The process for identifying and selecting opportunities is as follows:

Step 1 EPA collates all applications for Fund support

Step 2 Applications are submitted to the Panel for review

Step 3 The Panel reviews applications and provides advice to the Chairman of EPA.

Step 4 The Chairman of EPA and Minister for Environment and Climate Change agree final funding decisions.

Appendix 5 provides a flow chart for this process, including the reiterative process to seek additional information from, and provide feedback to, Fund applicants.

(viii) Funding agreement

Funding agreements will be prepared between successful applicants and EPA. The funding agreement covers details such as project milestones and payment, intellectual property management and reporting requirements.

(ix) Review

At the end of each year of the program, EPA and the Panel will assess progress against the commitments and outcomes over the preceding year. This review will also identify areas of focus for the following year for Panel reference. The outcomes of the review will be reported to the Chairman of EPA and the Minister.

At the end of the initial four-year term of the program, EPA will undertake a full review of the outcomes of the program, involving other stakeholders where appropriate. This review will address the extent to which the program has been successful, has met the expectations of stakeholders and whether there is a need for the program into the future.

4. HOW THE FUND IS GOVERNED

(i) Probity audit

A Probity Auditor has been appointed to undertake probity audits of the end-to-end process, including the assessment process, milestone achievement, financial management and other general probity issues. The Probity Auditor is appointed by, and reports directly to, the Chairman of EPA.

At the discretion of the Chairman of EPA, the Probity Auditor may conduct investigations into processes, projects or the overall program, including any declaration of private interests. The Probity Auditor will also be available to provide advice to EPA staff and the Panel on governance-related protocols that may assist during the review and processing stages.

(ii) Fund payments

The financial resources allocated to a project through the Fund will remain with EPA until:

- a funding agreement with suitable milestones, performance measures and schedule of payments is signed by the organisation and EPA to govern the funds
- appropriate tax invoicing is received
- financial reports of all expenses incurred and acquittals of previous amounts paid by EPA are suitably reviewed and signed off by either
 - (i) the funding recipient's Chief Finance Officer and an approved auditor
 - or
 - (ii) the funding recipient's Chief Finance Officer and the EPA Activity Director
- associated performance indicators have been met for all activities paid in the previous amount paid
- upon completion of all activities specified in the agreement details, all funds received or to be received under the agreement and all expenses incurred in accordance with the agreement are suitably reviewed and signed off by either
 - (i) the funding recipient's Chief Finance Officer and an approved auditor
 - or
 - (ii) the funding recipient's Chief Finance Officer and the EPA Activity Director.

(iii) HazWaste Fund Panel

All proposals to the Fund will be subject to an assessment and recommendation by the HazWaste Fund Panel. The Panel will make recommendations directly to the Chairman of EPA. For further detail on Panel membership, conduct and appointment see Appendix 4.

(iv) Equitable participation

Both large and small to medium-size organisations are encouraged to participate and apply for funding. EPA and the Panel will consider varying resources, skills and knowledge that can be applied to encourage quality applications and ensure equity.

(v) Conflict management

EPA is committed to dealing with any grievance (in relation to a Fund application) in a fair and consistent manner. If a grievance arises:

- any applicant may lodge a formal grievance on any action within EPA that they feel affected their application on the grounds that they believe it to be unfair or unreasonable
- informal verbal grievance requests from any applicants will first be dealt with by the appropriate EPA staff member who will attempt to resolve the request
- a grievance request received in writing will be managed by the appropriate EPA director. If resolution cannot be gained, then the grievance request will be considered by the Chairman of EPA and appropriate expert(s), where required. Appropriate experts can include an EPA staff member, provided they are not connected to the application.



(vi) Liability and indemnity

Liability and indemnity clauses are provided for within the terms of the funding agreement.

(vii) Reporting

EPA will report quarterly to the Minister for Environment and Climate Change on the revenue received from each waste stream, the allocation of funds from the HazWaste Fund, and the purpose and expected gains from the agreed investments.

Budget statements, annual reports, case studies, other promotional material and the EPA website are mechanisms that can be used to report on the progress towards achieving government outcomes. Public and internal reporting mechanisms are both part of the audit trail. EPA is responsible for ensuring that this requirement is met in a way that accurately reflects the operations and outcomes of the program.

APPENDIX 1: BACKGROUND ON HAZARDOUS WASTE IN VICTORIA

All Victorians use goods and services produced by industry on a day-to-day basis. Providing these goods and services generates waste, including high and low-hazard waste. Some common examples of industries that generate high-hazard waste include car repair workshops, dry cleaning services, chemical, paint and plastics manufacturing. Low-hazard wastes include food processing, seafood and poultry wastes.

Prescribed wastes include wastes with the potential to have adverse impacts on human health and the environment, or impact on public amenity (for example odorous waste). Certain types of wastes are legally referred to as prescribed industrial wastes (prescribed wastes which are generated from commercial or industrial sources). Not all wastes generated from commercial or industrial premises are prescribed, just those listed in the *Environment Protection (Prescribed Waste) Regulations 1998*.

Prescribed industrial wastes make up most of the listed prescribed wastes, with exceptions including grease interceptor trap waste from domestic sources and domestic asbestos waste. Prescribed industrial wastes need to be carefully managed and are closely regulated.

The terms 'prescribed industrial waste' and 'hazardous waste' are sometimes used interchangeably. Under the statutory framework administered by EPA the term 'prescribed industrial waste' has a specific meaning. The term hazardous waste does not have a statutory definition.

Prescribed industrial waste (PIW) is broken down into three classes: Category A, which is the highest hazard and prohibited from landfill; Category B, which may only be disposed to the appropriately licenced landfill; and Category C, which can be disposed of to a number of landfills around Victoria. PIW includes both industrial wastes and contaminated soil.

Since 2000, Victorian industry, with support from EPA, has reduced the amount of PIW disposed to landfill from 122,000 tonnes to 85,000 in 2006 – a reduction of 30 per cent. These reductions are good progress, but further significant reductions are needed. Victoria has a strategy to accelerate these reductions into the future and to prevent the disposal of high-hazard wastes to landfill by 2020 through increased regulation, cost incentives, and supporting industry to invest in new technologies, processes and infrastructure to reduce waste.

In 2007, the Government determined not to proceed with the proposed long-term containment facility for high-hazard waste at Nowingi in north-west Victoria. With the Tullamarine landfill ceasing to accept wastes from May 2008, the Lyndhurst facility, which currently operates using best practice engineering, will remain the main facility for receiving high-hazard wastes.

Landfill levies have contributed to the reductions achieved to date. In January 2007, the Government announced further landfill levy increases, up to \$250 per tonne for high-hazard waste and \$70 per tonne for low-hazard waste, to take effect from 1 July 2008. This provides a greater incentive to industry to further avoid, treat or recycle wastes and generates funds to be reinvested in cleaner technologies and recycling options. Significantly higher landfill costs makes investing in reuse and recycling options more attractive to industry in preference to disposing wastes to landfill.



APPENDIX 2: HAZARDOUS WASTE LEVIES IN VICTORIA

The three hazard classifications for solid prescribed industrial waste and corresponding landfill levy

Waste classification	Description	Disposal requirements	Landfill levy as at 1 July 2007	Landfill levy as at 1 July 2008
Category A (highest hazard)	Waste that requires a very high level of control and ongoing management to protect human health and the environment.	Waste must be treated or immobilised to reduce or control the hazard before being sent to a licensed landfill.	Prohibited from landfill – levy does not apply.	Prohibited from landfill – levy does not apply.
Category B	Waste that requires a high level of control and ongoing management to protect human health and the environment.	Waste must be sent to landfill licensed to accept Category B waste, or can be treated or immobilised to meet Category C criteria.	\$130 per tonne.	\$250 per tonne.
Category C (lowest hazard)	Poses a low hazard or exhibits offensive aesthetic properties, and requires control and/or ongoing management to protect human health and the environment. There are two types of Category C waste: <ul style="list-style-type: none"> • C1: non-persistent organic wastes and wastes with potential amenity effects such as those which are highly odorous and/or dusty • C2: other low environmental risk wastes. 	Waste must be sent to landfill licensed to accept Category C waste.	\$50 per tonne.	\$70 per tonne.

Note: The scheduled levy for packaged waste asbestos remains unchanged at \$30 per tonne, to encourage safe handling and disposal of asbestos.



APPENDIX 3: SECTION 60 ENVIRONMENT PROTECTION ACT 1970

Extract from the Act

'60 Disclosure of information an offence

(1) A person must not disclose any trade secret, or information about another person's method of operation, manufacturing process, profits or financial position, or any other commercially sensitive information, obtained during the course of the person's duties under this Act.

(2) A person must not use any such information or trade secret to obtain directly or indirectly any pecuniary or other advantage for himself or herself or for any other person.

(3) However, the person may disclose or use such information if—

- (a) the disclosure or use is made in the performance of a duty under, or in connection with, this Act; or*
- (b) the person has the consent of the person entitled to the trade secret or to whom the information relates; or*
- (c) the disclosure or use is made in legal proceedings at the direction of a court; or*
- (d) the information is in the public domain at the time it is disclosed or used.*

(4) For the purpose of removing any doubt, this section applies to any person who is a member of, or is employed by, Sustainability Victoria.

(5) A person who contravenes subsection (1) or (2) is guilty of an indictable offence.

Penalty: 2400 penalty units or imprisonment for 2 years or both.'



APPENDIX 4: HAZWASTE FUND PANEL

Terms of reference:

A HazWaste Fund Panel has been established to inform HazWaste Fund decision-making and investment priorities. Its membership is comprised of a cross-section of industry and government experts. The Panel's Terms of Reference outline their role as providing advice to the Chairman of EPA. Specifically the Panel's role will be to review:

- the commercial, innovation and technical aspects of specific applications and make recommendations on funding of such applications or otherwise
- how to maximise the value of the Fund in accordance with the objectives of the Fund
- current Fund strategy and provide recommendations for improvement
- performance of the Fund

The Panel will seek further technical expertise from outside the committee where required. The Panel Chair may request EPA for such expertise to be provided.

Membership

The Panel's membership is comprised of a cross-section of industry and government experts.

Membership is to reflect stakeholder interests and have a balance of the necessary skills and competencies in the following areas:

- hazardous waste management
- strategy formulation
- commercial/business management
- investment appraisal/review
- engineering/technical expertise
- risk assessment
- project management.

Members are selected on the basis of their experience and competencies in these various areas on a national, state or local basis.

Members are generally expected to attend a minimum of 75 per cent of meetings. Members are expected to contribute to the committee in a constructive manner and show respect to other members and persons present. Four weeks written notice to EPA of resignation is requested.

Trade secrets and commercially sensitive information shared with EPA and the Panel are protected by section 60 of the *Environment Protection Act 1970*. The Panel accept and agree to these conditions when they become a member of the Panel.

Members are required to complete a declaration of private interests form annually. Initial membership of the Panel is for a period of two years and is subject to an annual review and declaration of private interests.

Conduct of the HazWaste Fund Panel

The HazWaste Fund is derived from levies collected by EPA via hazardous waste disposed to landfill. The total Funds to be distributed will not exceed the amount raised from the relevant levies.

The Panel is expected to undertake the role defined in the Terms of Reference to assist EPA in achieving the objectives of the Fund.

EPA, in consultation with the Panel Chair, will set the Panel's agenda. Meetings will be held on an as-needs basis and out-of-session considerations and/or recommendations are acceptable. EPA will provide the secretariat function for the Panel. Specifically, the Panel will regularly review applications to the HazWaste Fund and develop a recommendation to the Chairman of EPA on each application.

The Panel will discuss with EPA and agree a program to measure and monitor the value and effectiveness of the projects and programs allocated funds. This may include audits to assess adherence to the terms of the funding agreement and/or verification of expenditure claimed.



Conflict of interest

An annual declaration of private interests is a requirement for all Panel members to complete. Any changes to private interests that may reasonably be perceived to create a conflict of interest are to be immediately declared.

In addition, a check for any potential conflict of interest, relating to specific projects or companies, will be undertaken prior to the distribution of any project submissions to the Panel. Summary information such as company name, industry sector (from ANZSIC codes) and the project title will be provided to Panel members. Panel members are then required to identify and advise EPA where there may be any conflict of interest. Upon confirmation that there is no conflict of interest the submissions will be forwarded. Where there may be conflict of interest the relevant submission/s will not be distributed to the Panel member.

Liability and insurance

Where not arising from negligent or illegal actions, EPA agrees to indemnify the members of the Panel, to the extent permitted by law, against any claims, suits or actions, and any liabilities arising out of any claims, suits or actions, that may be brought against, or incurred by either of them arising from the provision of the services defined in the terms of reference of the Panel.



APPENDIX 5: HAZWASTE FUND PROCESS

Draft process for the review of HazWaste Fund applications

