

Sustainability Fund Guidelines

May 2024



Photo credit

Victoria's new four bin household waste and recycling system © State of Victoria, DEECA.

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.

DEECA is committed to genuinely partnering with Victorian Traditional Owners and Victoria's Aboriginal community to progress their aspirations.



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1. 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 2017, 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 2017 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.



Hon JACINTA ALLAN MP
Premier



STEVE DIMOPOULOS MP
Minister for Environment

2. The Sustainability Fund

The Sustainability Fund (Fund) provides funding from Victorian waste levies to programs and government initiatives which are required, under section 449(3) of the Environment Protection Act 2017 (the Act), to foster:

- The environmentally sustainable use of resources and best practices in waste management to advance the social and economic development of Victoria; or
- Either:
 - Community action or innovation in relation to the reduction of greenhouse gas substance emissions; or
 - Adapt or adjust to climate change in Victoria.

Under the Act, the application of funds requires the joint consent of the Premier and the Minister for Environment (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.

3. 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.

3.1 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 449(3) of the Act. If the priorities of the Fund change, a new Priority Statement will be produced.

As required under section 450 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 Energy, Environment and Climate Action (DEECA) website.

3.2 Guidelines

The Guidelines (this document) provide 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 451 of the Act also requires that the Guidelines be published in the Government Gazette and on the Department of Energy, Environment and Climate Action'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.

3.3 Sustainability Fund Committee

The Premier and the Minister are supported by the Sustainability Fund Committee (Committee) which:

- oversees Fund governance to support Fund transparency and accountability;
- reports annually to the Secretary of DEECA on Sustainability Fund management performance; and
- provides impartial, strategic advice regarding all requests for funding from the Sustainability Fund prior to the Minister's and the Premier's approval.

Note: management of projects funded by the Fund rest with the funding recipient.

The Secretary of the DEECA can appoint 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 is supported by the Sustainability Fund Team.

4. Fund Expenditure

4.1 Who can receive funding?

Fund monies can be allocated to strategic or ongoing initiatives that align with the legislative purposes and published priorities of the Fund and are delivered through Victorian Government Departments and Statutory Agencies. Some initiatives may include grant programs that are open to a wide range of recipients across local government, businesses and the community.

To further support transparency and accountability of the expenditure of Fund monies, DEECA publishes an annual Activities Report which is tabled in Parliament and referenced in DEECA's 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 DEECA's website.

Grant allocations from the Fund's funding recipients 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 related costs of a project. The Department of Treasury and Finance's 'Pricing for Value Guide'¹ outlines the principles to be applied in supporting an appropriate level of cost recovery.

Ongoing costs can also be funded.

4.2 Contractual Obligations

Entities receiving allocations from the Fund are required to enter into funding agreements with DEECA. The agreements will align to the legislative 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

¹ <https://www.dtf.vic.gov.au/sites/default/files/document/Pricing%20for%20Value%20Guide%20-%20Pricing%20Principles.pdf>

- 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.

4.3 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.

5. Funding Allocations

In making decisions regarding the application of Fund monies, the Premier and the Minister will consider how the project meets the legislated objectives of the Fund as per section 449 of the Act, and the priorities as set out in the Priority Statement. The Premier and Minister will consider advice provided by the Committee.

5.1 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
 - either:
 - 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.

5.2 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.

6. Further Information

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