



Hon Lily D'Ambrosio MP

Minister for Energy, Environment and Climate Change
Minister for Suburban Development

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Mr Rob Spence
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Ref: MIN033011



09 SEP 2017

Dear Mr Spence

MANAGEMENT OF LANDFILL LEVY REVENUE

Thank you for your letter of 12 July 2017 about the Victorian landfill levy. I apologise for the delay in my response.

The Municipal and Industrial Landfill Levy, as part of a broader suite of tools, is working to reduce the amount of waste that Victorians dispose of to landfill. Victorian landfills received 4.1 million tonnes of waste in 2014, down 18 per cent from 5 million tonnes in 2005, despite steady population growth during this time. Our resource recovery rate increased from 55 per cent to 67 per cent over the same period.

Landfill levy funds must be used in accordance with the *Environment Protection Act 1970* (sections 70E and 70F). These funds support our environment agencies to provide broad benefits to the Victorian community. This includes the Environment Protection Authority, Sustainability Victoria and the seven Waste and Resource Recovery Groups – key agencies that improve waste management and resource recovery practices in Victoria. Around \$106 million will be distributed to these agencies in 2017-18, with a further \$7 million to be distributed to other environmental agencies. Remaining landfill levy revenue is held in the Sustainability Fund.

Since its creation in 2005, the Sustainability Fund has supported local government, business and the community through a broad range of sustainability programs. The scope of programs that can be supported by the Sustainability Fund was broadened in 2010 to include initiatives that address climate change, in recognition of the growing impact that climate change is having on Victorian communities. The original objective of encouraging resource efficiency and supporting best practice waste management was preserved.

As you note in your letter, the Andrews Labor Government has substantially increased expenditure from the Sustainability Fund each year since forming government. The 2017-18 State Budget provides a record \$419 million in Sustainability Fund expenditure over five years, in contrast with less than \$15 million in new funding approved by the previous government over its four year term.

This planned expenditure will significantly draw down the balance of the Sustainability Fund, which was \$551.1 million at the beginning of this financial year. This year's budget includes the largest ever spend on waste and resource recovery, with \$30.4 million to:

- support implementation of the government's commitment to ban e-waste from landfill, assisting councils with collection infrastructure and processes (**\$15 million**)
- boost the resource recovery infrastructure fund, bettering our ability to deal with waste (**\$7.6 million**)
- develop markets for materials and energy recovered from waste (**\$2.5 million**)
- develop waste to energy policy (**\$500,000**)
- improve the quality of waste data (**\$280,000**).

The Department of Environment, Land, Water and Planning (DELWP) has managed the Municipal and Industrial Landfill Levy and Sustainability Fund accounts since 2015. This followed recommendations by the Ministerial Advisory Committee on Waste and Resource Recovery Governance Reform to streamline administration of the Sustainability Fund, and improve transparency of landfill levy expenditure.

The DELWP Annual Reports publish information about cashflow into and out of these accounts, including grants, and the end of financial year balance: <https://www2.delwp.vic.gov.au/our-department/reports>. Prior to 2015, the Municipal and Industrial Landfill Levy account was managed by the EPA and the Sustainability Fund was managed by Sustainability Victoria. Details of the past management of the account and fund can be accessed online:

- EPA annual reports: <http://www.epa.vic.gov.au/about-us/who-we-are/annual-reports-and-plans>
- Sustainability Victoria annual reports: <http://www.sustainability.vic.gov.au/who-we-are/business-plan-and-annual-report/previous-annual-reports>.

The Municipal and Industrial Landfill Levy and Sustainability Fund were not designed to solely support waste management, or for direct investment into local government. Landfill levy funds do support councils and environmental agencies to deliver evidence-based policy and programs that improve waste management and enable action on climate change. For example, the Illegal Dumping Strikeforce program reduces risk to human health and the environment from illegal dumping of waste by giving the EPA vital intelligence, enforcement and engagement resources.

The Sustainability Fund also supports grants programs managed by Sustainability Victoria, the Metropolitan Waste and Resource Recovery Group, and DELWP. Local councils are eligible to apply for many of these grants. A list of environmental grants programs is available online: <https://www.vic.gov.au/grants/environment.html>.

If you would like more information about this matter, please call Ian Campbell-Fraser, Director, Economics, Governance and Waste at the DELWP, on 03 9637 8412 or email ian.campbell-fraser@delwp.vic.gov.au.

Thank you once again for raising this matter with me.

Yours sincerely



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