



URBAN EP

Feasibility Study into a Statewide Waste Management Arrangement

Part B report – Delivery & implementation study

Prepared for

Local Government Association of Tasmania

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Feasibility study into a Statewide Waste Management Arrangement for Tasmania – Part B

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List of acronyms

CCA	Cradle Coast Authority
CCWMG	Cradle Coast Waste Management Group
CDL	Container Deposit Legislation
CRS	Container Refund Scheme (as committed to by Tasmanian Government)
DPAC	Department of Premier and Cabinet (Tasmania)
DPIPWE	Department of Primary Industries, Parks, Water and Environment (Tasmania)
EPA	Environment Protection Authority (of Tasmania, unless otherwise stated)
GBE	Government Business Enterprise (as enacted through Tasmanian legislation)
ILM	Investment Logic Map
LGAT	Local Government Association of Tasmania
NTDC	Northern Tasmania Development Corporation
NTWMG	Northern Tasmania Waste Management Group
SPV	Special Purpose Vehicle (under Commonwealth <i>Corporations Act 2001</i>)
STCA	Southern Tasmanian Councils Authority
SV	Sustainability Victoria
WSS	Waste Strategy South

Acknowledgements

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- The Local Government Association of Tasmania
- Tasmanian Department of Primary Industries, Parks, Water and Environment (EPA Tasmania)
- Cradle Coast Waste Management Group and member councils
- Northern Tasmania Waste Management Group and member councils
- Waste Strategy South and member councils
- Tasmanian Department of Premier and Cabinet (including the Local Government Division, the Policy Division and the Tasmanian Climate Change Office)
- Tasmanian Department of State Growth
- Tasmanian Department of Treasury and Finance
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- The Honourable Pam Allan, University of Tasmania
- Kassey Truesdale, WA Department of Water and Environmental Regulation

Executive Summary

The Local Government Association of Tasmania (LGAT) engaged Urban EP to conduct a feasibility study for a Statewide Waste Management Arrangement. This arrangement would cover the planning, co-ordination and delivery of waste policies, strategies, programs and services to support better waste management across Tasmania, and address market failures evident in how waste is managed across the state. The study would be delivered in two parts:

Part A: Collate evidence and present findings on the needs for and benefits of a Statewide Waste Management Arrangement ('statewide arrangement').

Part B: Develop the purpose, role, functions and governance apparatus of this statewide arrangement as necessary for planning, co-ordinating and delivering statewide waste policies, strategies, programs and services.

This report is primarily concerned with Part B of the feasibility study, with LGAT having approved commencement and delivery of this part of the study in response to recommendations set out in the Part A report. Key findings of the Part A report are re-stated in the Part B Introduction.

Drivers for this study include the view that waste management service levels and outcomes in Tasmania have lagged behind those of the mainland states and behind the intents articulated in the most recent national waste policy. Consequentially, a broad spectrum of benefits that stem from better waste management remain unrealised in Tasmania.

At the beginning of this work (January 2019), local government stakeholders were also uncertain of the timing, scope and ambition of a Tasmanian Waste Action Plan that had been under development by the Tasmanian Government at the time. Through this study, local government stakeholders therefore sought to lead the agenda on some areas that are most relevant to their responsibilities and interests. However, between delivery of the draft and final Part B reports, the Tasmanian Government released its draft Waste Action Plan (June 2019). This release shifts the drivers for the project somewhat. That is, the project additionally provides opportunity for state and local government sectors to consider the proposed statewide waste management arrangement as integral to the delivery of a final Waste Action Plan for Tasmania.

Methods

In accordance with the needs set out for Part B of the feasibility study (above), the following methods were adopted in delivering this part of the work plan:

- Specifications for and core attributes to manifest in a delivery model for the statewide arrangement set out, drawing on Part A findings on benefits and functions essential to this arrangement (see figure overleaf), and informed via engagement with stakeholders
- Preparation of an evaluation framework derived from those specifications and attributes
- Description of three distinct delivery options to submit to the comparative evaluation and determine a preferred model
- Determination of a practical implementation pathway for the preferred solution for a statewide arrangement, with a focus on governance and funding features and interactions with development and delivery of a final Tasmanian Waste Action Plan.

Processes, findings and recommendations were initially laid out in a draft report and presented to stakeholders. The final report (this report) incorporates feedback on the draft report and responds to points raised following the draft presentation.

Tasmanian statewide waste management arrangement

Problems to address

1. Poor cohesion in the demand for organics recovery services
 2. Insecure market for investing in recovery infrastructure
 3. Risks and harms incurred by tyre stockpiles and illegal dumping
 4. Resource-inefficient use of single use plastics and packaging
- ... plus others to be agreed with waste management partners

Benefits

Enhance Tasmania's image

Positive culture towards waste management and 'faith in the system'

Climate change tackled through local solutions

Tasmania seen as valuing its natural assets

Narrative to attract visitors, residents, investors

Tasmania as a leader in tackling problem wastes

Government delivering on expectations to help people lead lower impact lifestyles & businesses

Protect health & the environment

Effective prevention & inhibition of littering, dumping and stockpiling

Cleaner & safer environment due to less illegal dumping & litter

Low reliance on landfills - lower landfill impacts including gas emissions, leachate, odour and amenity impacts

Greater self assurance in how to recycle

Soil quality improved using locally recovered material

Efficient resource use embedded in consumer decisions

Foster economic development

Natural assets retain value and are untarnished

Brands that rely on a clean image of Tasmania retain market credibility

Resources are recovered and used, in line with the scale of opportunity

Efficient private & public investment in recovery infrastructure and jobs

Efficient service prices that reflect demand over time

Strong local markets for recovered resources

Lower costs & risks borne by the recovery chain

Functions

1. **Vision statement** for waste management / circular economy in Tasmania, linked to a **credible commitment** to take action.
2. **Statewide infrastructure & service planning** and scheduling.
3. **Development of strategies for priority items**, including:
 - organics from municipal and commercial sources
 - end of life tyres
 - single use plastics and non-recyclable packaging
 - others identified as a priority for Tasmania.
4. **Statewide data collection, analytics and reporting:**
 - tracking and investigating illegal dumping incidents
 - volume of waste generated and services demanded at statewide & regional scales
 - projection of capacity needs for infrastructure and services
 - to inform preferred interventions to problem materials.
5. **Governance and collaboration models** to engender trust & commitment:
 - to support surveillance & remediation of dumping sites
 - to build certainty for new services & assets to come online.
6. **Local government engagement and procurement support** to lock in demand for new services and facilitate efficient use of assets.
7. **Coordinated education, engagement and marketing:**
 - to ostracise illegal dumping and encourage reporting
 - to foster acceptance and uptake of new recovery services
 - to stimulate demand for recovered resources
 - to support best practice in local and regional services
 - to guide consumer & purchasing behaviours and decisions.
8. **Statewide enforcement and prosecution** of stockpiling in breach of licence conditions, and illegal dumping.
9. **Market development measures including sustainable procurement:**
 - to stimulate markets for resources recovered locally
 - to foster the replacement of non-recyclable and single use items with reusable / recyclable / recycled content items.
10. **Coordinated advocacy and policy input** at the national level, where national solutions are deemed to be more effective.
11. **Product stewardship of priority items** including product re-design and takeback arrangements (e.g. CDL)- *pending examination of net benefit.*
12. **Infrastructure funding** to stimulate investment in recovery assets
 - *Pending private investment gap analysis & case for public funding.*
13. **Market and/or statutory instruments** (e.g. levies, bans from landfill) to address gate fee differentials
 - *Pending an analysis of gap between gate fees for new services and willingness to pay above existing landfill rates.*

Main findings

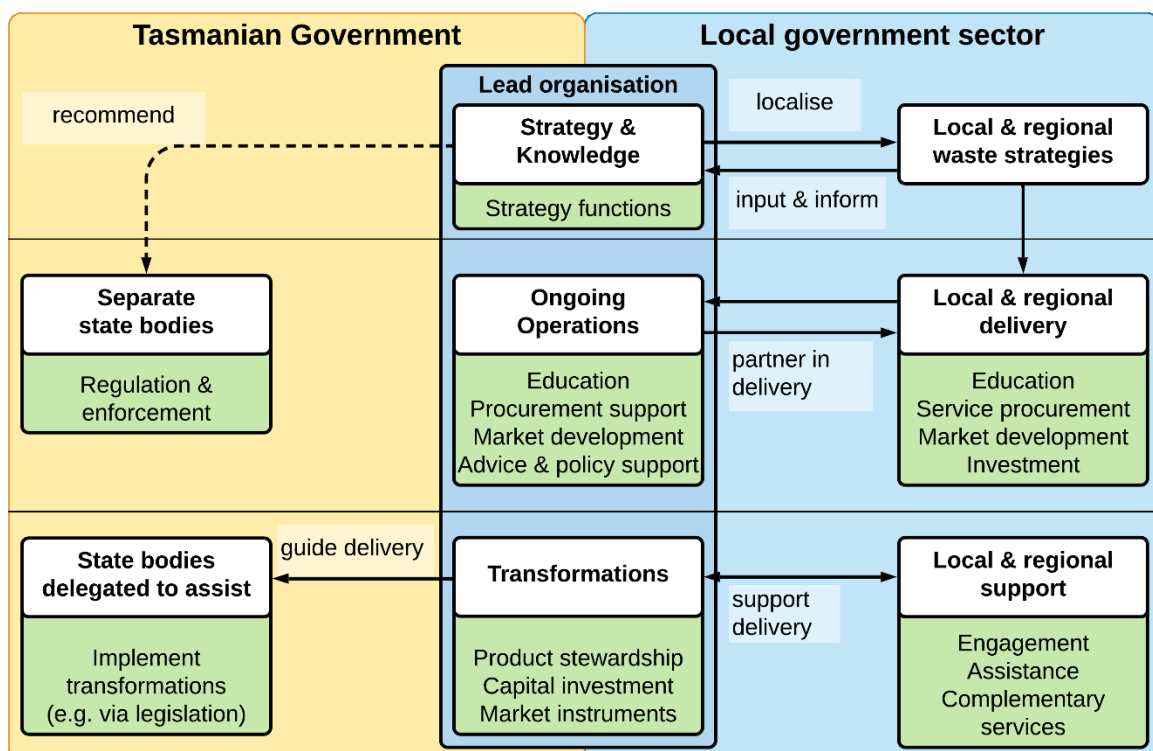
Preferred solution invites co-ownership by state and local government

The primary objective of Part B of this study is to determine a preferred solution for enacting the statewide arrangement, capable of securing the benefits and delivering the functions endorsed by LGAT as essential to that arrangement (see figure on preceding page). This determination proceeded via a comparative framework which evaluated three alternative delivery models, i.e.:

- Option 1 – delivery led by an oversight body held by the Tasmanian Government
- Option 2 – delivery led by an oversight body held by the Tasmanian council sector
- Option 3 – delivery led by a partnership (jointly owned) between state and local sectors.

Following this evaluation, Option 3 (see figure below) is recommended as the preferred model for implementing the statewide arrangement, coupling the strengths of the local and state government sectors together. Benefits beyond this pairing of strengths include:

1. Greater connectivity between vision-setting, strategic planning, and delivery of individual functions, cascading from state to regional to local spheres of responsibility and opportunity
2. The potential for a single model for data collection, information management and knowledge sharing across stakeholders, allowing for a common basis from which to plan and take action
3. The capacity to share and direct a wider range of resources and spread delivery costs across multiple partners, consistent with the widespread distribution of benefits
4. Decision making, planning and approval structures that lean towards inclusiveness, ensuring those that bear risks and see opportunities can vocalise their positions and drive decisions
5. Being able to project a more united stance in national processes and in engaging with non-government and industry stakeholders.



An arrangement suitable for delivering a statewide Waste Action Plan

In the interval between preparation of the draft Part B report and this final report, the Tasmanian Government released its draft Waste Action Plan. This draft plan recognises 'the need for a new strategic and integrated approach to waste management in Tasmania, in which responsibility is shared between all levels of government, the private sector, and the community' (Minister's Foreword to the draft Waste Action Plan). Provisional commitments set out in the draft Waste Action Plan include:

- Introduction of a waste levy by 2021 to fund waste management and resource recovery
- Introduction of a Container Refund Scheme (CRS) in Tasmania by the end of 2022
- Ensuring that 100 per cent of packaging is reusable, recyclable or compostable by 2025
- Reducing waste generated in Tasmania by 5% per person by 2025 and 10% by 2030
- Achieving a 40 per cent average recovery rate from all waste streams by 2025 and 80 per cent by 2030
- Having the lowest incidence of littering in the country by 2023
- Working at the national level and with local government and businesses in Tasmania to phase out problematic and unnecessary plastics by 2030
- Reducing the volume of organic waste sent to landfill by 25% by 2025 and 50% by 2030.

Consultation on the draft plan is open to 7 October 2019 with a final plan due for release at a point thereafter.

In the Governance section of the draft plan (Section 2), the current feasibility study is framed as an important investigation that will contribute to the Tasmanian Government's deliberations on a preferred arrangement for coordinating and delivering statewide waste priorities and services.

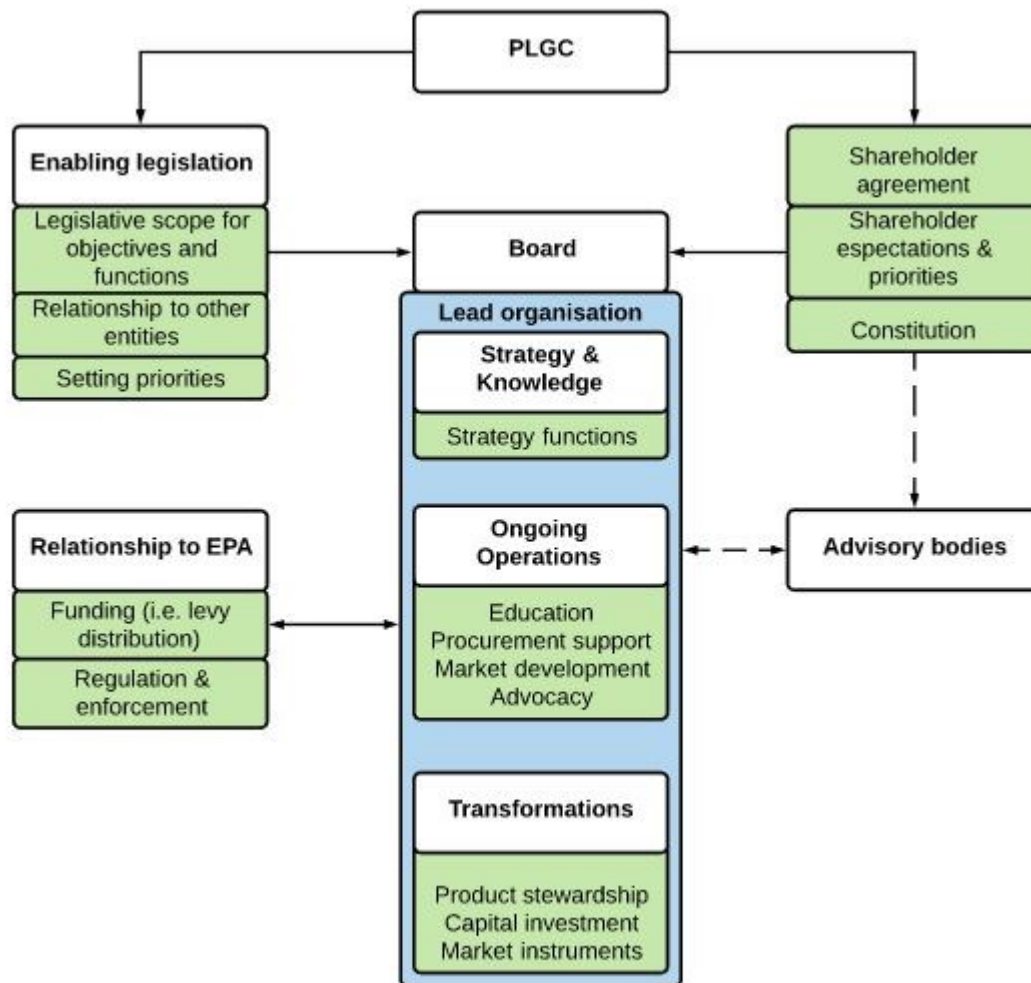
On reviewing the draft Waste Action Plan and pending details of the final Waste Action Plan, the proposed statewide waste management arrangement is offered as a suitable delivery vehicle to implement the action plan. There are no innate points of incompatibility lying between the arrangement recommended through this feasibility study, and the priorities, commitments and delivery requirements set out in the draft Waste Action Plan. Further, there are substantial areas of overlap including, for example:

- Recognition of the need to suitably fund waste management functions and services, potentially through the introduction of a statewide levy in the coming years
- The call to effectively address packaging, plastic, and organics-related waste streams across Tasmania, through applying multiple, mutually reinforcing interventions
- Provisions to deliver product stewardship measures tailored to Tasmania's needs, such as container deposit legislation (i.e. the CRS as set out in the draft Waste Action Plan)
- The priority on deploying a range of functions including education; infrastructure planning; data collection frameworks; capital funding; and market stimulus measures
- Recognition of a unique opportunity in transitioning to a circular economy model that is consistent with Tasmania's underlying strengths and brand identity.

There is merit in the local government sector and the state government negotiating and taking steps to formalise a collaborative arrangement that leads the delivery of a final Waste Action Plan. In parallel, local government sector input into the final Waste Action Plan may be warranted, given its stake as a partner and co-investor in the recommended delivery vehicle.

An arrangement that brings strong governance and investment options

A governance approach that enacts and enables an effective statewide waste management arrangement is particularly important given that the recommended solution is a partnership between the state and local governments, with ambition to leverage Commonwealth Government interest and investment. The figure below recasts the lead organisation of the preferred solution (outlined above) to highlight connections to a number of existing and nominated governance mechanisms that might be phased in over time.



The existing Premier's Local Government Council (PLGC) could hold oversight of the 'partnership' across development and implementation of the arrangement, and subsequent review of Board performance (as the representative council of the shareholders) during its operation.

Establishment of the lead organisation for the arrangement as a Special Purpose Vehicle (SPV), under the Commonwealth *Corporations Act 2001*, enables the use of an established set of governance mechanisms for managing the interests of shareholders and the performance of the Board. In this scheme, local and state government are present as joint shareholders in the SPV.

Governance direction could also be established via state legislation to codify a range of matters from the SPV's roles and responsibilities; objectives; functions; Board governance; relationships to other entities (i.e. EPA and/or councils); relationship to sections of the *Corporations Act*; etc. A legislative component helps ensure the arrangement adheres to an overriding purpose and

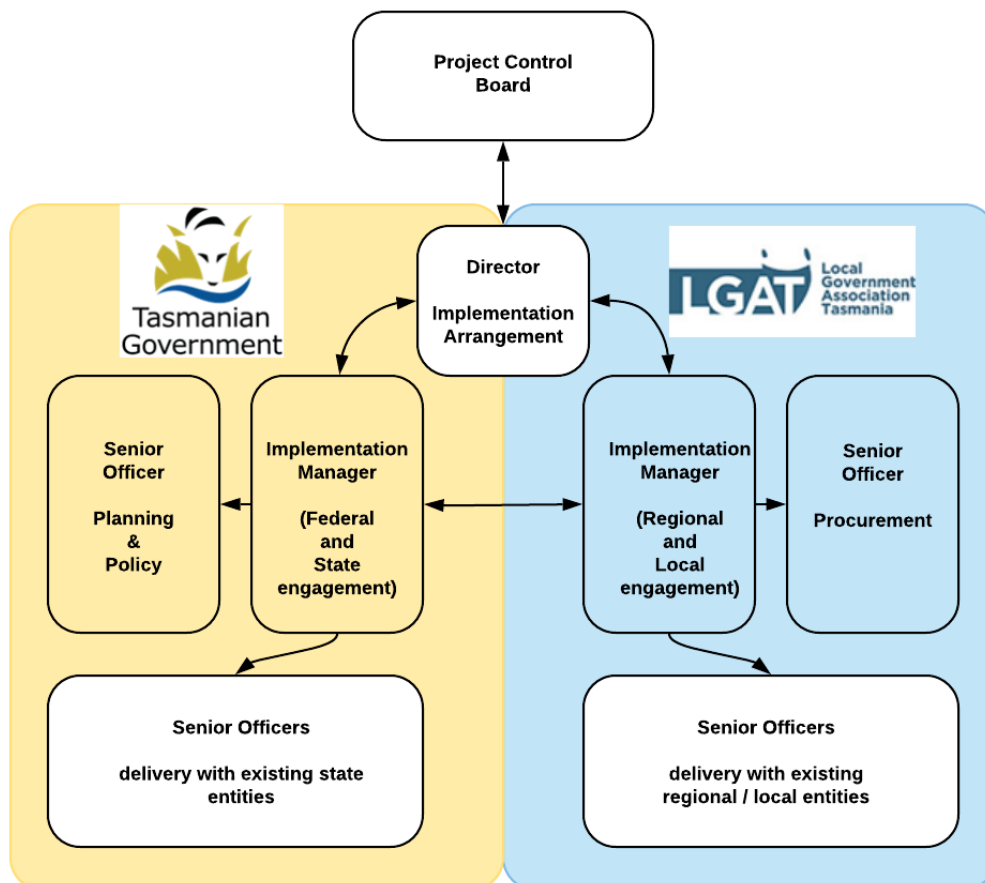
retains legally prescribed procedures, while also assigning the arrangement a unique and binding role and position in relation to waste management direction setting and delivery in Tasmania.

The draft Waste Action Plan outlines a commitment to introduce a statewide waste levy in 2021. Analysis of other mainland jurisdictions (during Part A) established that funding allocations in other jurisdictions, adjusted to Tasmanian tonnages to landfill, approximately equate to investing between \$6.4 and \$21 million via a Tasmanian statewide waste arrangement each year.

The establishment of an arrangement jointly owned by state and local governments provides an important investment opportunity. In establishing a co-owned SPV to drive a Circular Economy agenda (below), the partners could create a 'vehicle' enabling Commonwealth Government investment directly into waste reduction and circular economy priorities. Packaged with the re-investment of landfill levy revenue, it should position the state and local government to seek a multi-year commitment of Commonwealth Government funding into a work plan and priorities which deliver on the National Waste Policy and a Circular Economy deal for Tasmania.

Implementation through a partnership network and shared workplace

Establishing the preferred longer term solution (i.e. a partnership arrangement) may take some time. The momentum created through this project and recent announcements of the Tasmanian Government (i.e. the release of the draft Waste Action plan) suggest there is merit in considering the establishment of an interim implementation arrangement in the short term that delivers on priority functions while working towards putting the longer term solution in place.



The figure above illustrates the potential scope of officers involved during the initial establishment phase. It is suggested that three full time equivalent officers (Director and two implementation managers) would be a minimum initial staff requirement to initiate implementation. Depending on the partners' appetite and allocation of resources, additional officer support, either within existing regional bodies or state entities, may be secured on an as-needs basis in line with the agreed work plan.

The network of officers operates as one team deployed through the two key partners, DPAC and LGAT. In this model, DPAC and LGAT are each co-investors into an agreed implementation plan (i.e. a minimum of two years of agreed funding), with options to review the arrangement on the basis of performance and further specification of needs.

There is merit in pursuing an agreed workplan that simultaneously undertakes the work to:

- Build the preferred statewide arrangement – establishing governance mechanisms (i.e. legislative provisions), effective establishment of statewide levy and revenue allocations to waste priorities, funding strategy to leverage Commonwealth investment etc.
- Deliver on a selection of aligned priority activities leveraging regional momentum.

An opportunity to craft and attract partners in a Circular Economy deal

This feasibility study resonates with the draft Waste Action Plan in identifying the transition to the circular economy as a compelling pathway for Tasmania. The island state is already a national leader in one cornerstone of the circular economy – the use of renewable and sustainable sources of energy – and could be primed to follow suit in how it uses and manages the material resources entering and contributing value to its economy.

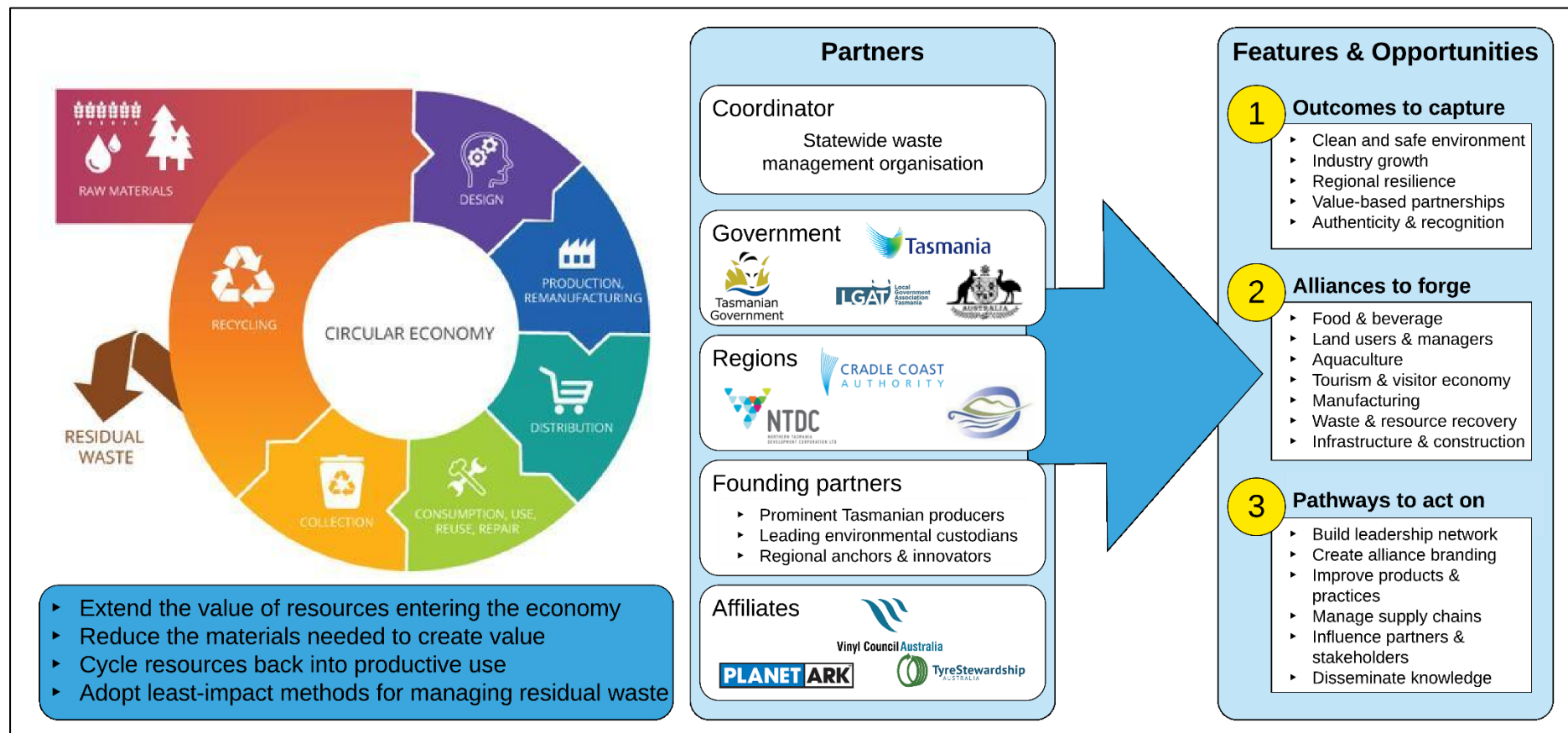
Recognising the systemic shift that this transition entails, the Tasmanian Government has acknowledged that the actions set out in the draft Waste Action Plan do not represent the full range of stimuli needed to set Tasmania on a circular economy trajectory. However, through the leadership of a collaborative waste management body equipped with a suitably defined charter and capability set, Tasmania could undergo a sequence of transition cycles that work towards a more circular economic model over time.

In this study, the statewide body is seen as holding a critical role in brokering and coordinating partnerships between sectors at local, regional and state scales; and applying its functions to drive more resource efficient practices in line with circular economy principles. Over time, its influence would extend from a focus on waste and resource recovery market interventions to impact activities 'upstream' of waste management (such as influencing purchasing decisions, supply chains, production systems, and product specifications) as well as those that are 'downstream' (such as developing new markets and unblocking impediments to market access).

At a high level, the figure overleaf represents one way in which partners across different levels of government and priority sectors could potentially collaborate in the move to a more resource efficient, circular economy model. These collaborative 'circular economy alliances' could demonstrate a preference towards pragmatic outcomes and actions that are tailored to the opportunities that reside in different sectors.

In principle, these outcomes could cover a number of dimensions including cleaner and safer environments; industry growth and the development of more resilient regional economies; enhanced reputation and authenticity; and the formation of partnerships based on common and/or complementary interests. Through this framing of prosperity, Tasmania's circular economy leaders are encouraged to seek opportunities that are predicated on diverse and widespread benefits across the state, rather than those that involve competing benefits and impose inevitable trade-offs.

Reiterating earlier stated findings on funding opportunities that may open up in response to the statewide arrangement and its anticipated benefits, the adoption of circular economy alliances in selected sectors could provide for more specific opportunities to attract investment from the private sector and Commonwealth Government bodies with a stake in more environmentally sound economic development.



List of Part B recommendations

Recommendation 1.

LGAT should request the state government to review the completeness, resourcing and efficacy of activities directed to regulating waste management in Tasmania (i.e. encompassing regulatory arrangements and provisions at local, regional and state scales; and how these regulatory scales interact), recognising a common stakeholder view that there was opportunity for improvement.

Recommendation 2.

In progressing towards a statewide arrangement, LGAT and potential partners should work through an agreed purpose and set of objectives for the arrangement.

This process is recommended to:

- Seek input and buy in from stakeholders
- Confirm the status of waste management and resource recovery as essential services and strategic sectors, attracting resources, stimulus and support that recognise their important role in the Tasmanian economy
- Acknowledge any overlaps or complementarities with the image that Tasmania seeks to develop and protect through Brand Tasmania
- Incorporate the potential role of the statewide waste management arrangement as a vehicle to deliver a final Waste Action Plan (pending its development and release).

Recommendation 3.

That LGAT accept a formal shared collaboration structure, co-owned by and accountable to state and local government, as the preferred option to deliver the statewide waste management arrangement.

That LGAT additionally note the benefits of this model as set out in the Part B report, pending the application of suitable governance and funding measures.

Recommendation 4.

That LGAT pursue a co-investment funding model (involving state and local government) to enable the implementation arrangement from 1 July 2020 for a period of two years.

Co-investment will enable, via an agreed work plan, progress towards formation of the preferred ongoing arrangement (see Section 4, pending reaffirmed commitment to Option 3); and establishment of statewide functions and activities to complement regional and local actions directed towards existing priorities in waste, resource recovery and the circular economy.

Recommendation 5.

That LGAT note the proposed functions and form of preferred statewide arrangement as being compatible with the draft Waste Action Plan's commitments and priorities, and may therefore be a suitable vehicle for delivering the final Waste Action Plan (pending its release).

(Details on the extent of alignment between the preferred arrangement and the draft Waste Action Plan are summarised in Appendix 2)

1. Introduction

This report presents the main findings and recommendations on a preferred model for delivering a statewide waste management arrangement in Tasmania. This 'statewide arrangement' is proposed to cover a number of functions and services to support better waste management across the state, and complement existing actions and initiatives delivered at state, regional and local scales. This 'Part B' report follows on from the Part A report completed in April 2019, in which the needs and benefits of adopting a statewide waste management were demonstrated and used as a basis by LGAT to proceed to developing and assessing a preferred delivery model.

Continuing the engagement approach adopted during Part A, findings and recommendations presented in Part B draw on stakeholder perspectives, arrangements currently in place for waste management in Tasmania, and delivery models used and being developed in other nearby jurisdictions. This approach allowed the feasibility study to draw on lessons from elsewhere while maintaining a central focus on testing a model that works for Tasmania's unique circumstances.

Delivery of this report satisfies the second stage of a two part feasibility study (i.e. Part B). The primary audience for this report is Local Government Association of Tasmania (LGAT), its partners, including the EPA and three regional waste management authorities, industry stakeholders, and representatives and officials from Tasmanian State and Local governments.

In reviewing the report and its recommendations, LGAT and its members can take an informed position on what a statewide arrangement should deliver and what settings provide an optimal delivery solution. The report supports LGAT in its engagement and planning with partner organisations, and helps to secure commitments from those partners to establish a statewide waste management arrangement. In examining selected examples of statewide responses across this report, LGAT and partners are able to gain a sense of how a statewide waste management arrangement (using the proposed model) could achieve better waste management outcomes across a number of priorities that are common to stakeholders.

1.1. Purpose and context

At the LGAT General Meeting of 18 May 2018, the members made the following resolution:

That Members agree in principle to a feasibility study into the establishment of a Local Government statewide waste management arrangement.

This decision was made in recognition that Tasmania lags behind most mainland jurisdictions in its resource recovery. This performance gap carries several disadvantages for the Tasmanian community including:

- Risks to public health and the environment
- Negative impacts on the public image of the state (as a clean, ecologically conscious visitor destination, residential location, and place to set up and operate a business)
- Significant lost opportunities associated with the economic benefits that come from greater resource recovery
- A perception that, as a state, Tasmania is failing to craft adequate responses to persistent and growing challenges in waste management including: illegal dumping; organic waste; plastic and packaging waste; and potential fragility of the recycling sector (due, in part, to changes in international market conditions).

Further to these disadvantages, the apparent gap in Tasmania's ability to deal with these matters was perceived to place the state at odds with national directions in waste management and resource efficiency. With the release of the National Waste Policy in 2018, the Commonwealth Government and states (including Tasmania) and territories have signified an intent to proactively attend to challenges in waste management through a national framework. Should Tasmania finalise a statewide approach that recognises and responds to its waste management challenges, it will be better placed to contribute to the achievement of national waste management goals and mount the case for the support needed to deliver those goals.

Given the above background, this project can be framed as a step towards reconciling waste management activities and arrangements in Tasmania with multiple drivers. Those multiple drivers play out at national, state and local scales and point to an opportunity to lift the wellbeing, reputation and development of Tasmania and its communities.

LGAT determined that the establishment of a statewide waste management arrangement may be a critical factor for improving resource recovery and waste management in Tasmania. This arrangement could provide for:

- An organisation to lead, coordinate, build collaboration and provide oversight of the implementation of improvements to waste management
- Funding as needed to undertake planning and strategy development, deliver programs, and implement actions to drive better waste management practices and outcomes.

In undertaking a feasibility study for a statewide waste management arrangement, LGAT is able to more clearly articulate what such an arrangement should do to ensure benefits to Tasmania are realised, while improving how waste and resources are managed on the island. Further, the study would define essential parameters for how the arrangement would function and how it would work or partner with a range of organisations that currently have a role in securing better waste management practices and outcomes in Tasmania.

1.2. Main project components and deliverables

This feasibility study is to be delivered in two parts, with this report having a predominant focus on Part B findings and recommendations. A brief recap on the conclusions from Part A is provided in Section 1.3 to allow readers sufficient background to read this report as a stand-alone document.¹

Part A: Collate evidence and present findings on the needs for and benefits of a statewide waste management arrangement, including a scope of proposed functions necessary to deliver the recognised benefits.

Part B: Develop the purpose, role and governance apparatus of this statewide arrangement as necessary for planning, co-ordinating and delivering state-wide waste policies, strategies, programs and services. Confirm adequacy and suitability of functions derived during Part A.

Findings and recommendations for Part B are set out in a Part B report (this report), detailing the review of benefits and objectives, proposed purpose, role and function of a statewide arrangement and potential governance and funding mechanisms.

¹¹ The Part A report, prepared as summary and full version reports, may be requested from LGAT.

1.3. Selected findings and recommendations from Part A

Part A of this feasibility study was undertaken from January 2019 through to April 2019, and aimed to establish the needs for and benefits of a Statewide Waste Management Arrangement, including a scope of proposed functions to realise those benefits. The final report presented a set of recommendations oriented around these needs and benefits, while also providing detailed background on existing arrangements in Tasmania and elsewhere.

This section reprises the main conclusions from Part A that guide and provide context for what the preferred waste management arrangement needs to deliver. They inform the statewide arrangement's specifications, and form a basis for comparing the different models under which the arrangement may be delivered. For brevity, the conclusions are structured in line with the Part A recommendations, with accompanying clarifications and broader insights from Part A.

Recommendations

1. An expanded statewide arrangement should seek to maintain, provide for and leverage a minimum capacity and capability at the regional scale as a component to delivering on statewide goals. This may be achieved through supporting an agreed set of core functions within each region.

2. An expanded statewide arrangement should provide a minimum level of service and support to all councils, irrespective of their membership in a regional authority.

Workshops and document examination identified an existing leadership and capacity to deliver a range of activities in waste management at regional and local scales. Some of these activities may directly complement or augment the functions deployed by a statewide arrangement.

An efficient and effective statewide arrangement would seek to retain and support rather than dismantle or replace this existing capacity and capability at a regional level. Further, the arrangement may have a role in providing a stabilising influence to regional authorities, e.g. through sharing responsibilities, enabling cost efficiencies, or delivering complementary functions that help ensure outcomes are realised. Noting that some councils may not benefit from representation and support through regional services (for various reasons), there may be a need for the statewide arrangement to deliver minimum service levels in one or more functions to those councils. This will help ensure that those councils and their communities are not disadvantaged through an absence of regional participation.

3. LGAT to note that stakeholder engagement and analysis supports the need for and benefits of a statewide waste management arrangement, and that those benefits may be shared across state, regional and local levels.

4. LGAT to note the functions proposed (in completing Part A) would provide a statewide arrangement with a suitable scope of responsibilities to deliver the recognised benefits and address priority problems identified by stakeholders.

5. LGAT to support Part B of the project to further develop the purpose, role, functions and governance apparatus of the statewide arrangement as needed to deliver the proposed functions and benefits.

Workshops were held with stakeholders during Part A, including local governments and regional waste management authorities across the island; the waste and resource recovery sector; and state government officials. The stakeholders identified many challenges wherein existing arrangements had failed to deliver satisfactory solutions. There was a strong consensus that a well-resourced and authorised statewide waste management arrangement is urgently needed.

Of the challenges explored with stakeholders, four distinct problems were examined in close detail and used to extrapolate diverse and widespread benefits that could be captured by Tasmania, if there was the resolve to effectively address each problem at a statewide level.

It was determined that a statewide waste management arrangement may need to deploy up to thirteen functions – some of which are currently in play at a local or regional level – to grant the confidence that these four problems (and others that may emerge over time) could be properly addressed and that the recognised benefits would be achieved.

These findings are encapsulated figuratively overleaf (Figure 1). Four priorities (see orange box to the left) were analysed: infrastructure planning; illegal dumping and tyre stockpiling; delivery of organics recovery services; and plastics and packaging waste. The research revealed a spectrum of benefits (see blue columns to the lower left) across a range of stakeholder groups and themes, which could be grouped according to reputational benefits for Tasmania; improved protection of the environment and human health; and economic stimulation. However, to achieve these outcomes, an array of functions (see green column to the right) needs to be deployed at a statewide level, in conjunction with regional and local commitments to action.

Tasmanian statewide waste management arrangement

Problems to address

1. Poor cohesion in the demand for organics recovery services
 2. Insecure market for investing in recovery infrastructure
 3. Risks and harms incurred by tyre stockpiles and illegal dumping
 4. Resource-inefficient use of single use plastics and packaging
- ... plus others to be agreed with waste management partners

Benefits

Enhance Tasmania's image

Positive culture towards waste management and 'faith in the system'

Climate change tackled through local solutions

Tasmania seen as valuing its natural assets

Narrative to attract visitors, residents, investors

Tasmania as a leader in tackling problem wastes

Government delivering on expectations to help people lead lower impact lifestyles & businesses

Protect health & the environment

Effective prevention & inhibition of littering, dumping and stockpiling

Cleaner & safer environment due to less illegal dumping & litter

Low reliance on landfills - lower landfill impacts including gas emissions, leachate, odour and amenity impacts

Greater self assurance in how to recycle

Soil quality improved using locally recovered material

Efficient resource use embedded in consumer decisions

Foster economic development

Natural assets retain value and are untarnished

Brands that rely on a clean image of Tasmania retain market credibility

Resources are recovered and used, in line with the scale of opportunity

Efficient private & public investment in recovery infrastructure and jobs

Efficient service prices that reflect demand over time

Strong local markets for recovered resources

Lower costs & risks borne by the recovery chain

Functions

1. **Vision statement** for waste management / circular economy in Tasmania, linked to a **credible commitment** to take action.
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3. **Development of strategies for priority items**, including:
 - organics from municipal and commercial sources
 - end of life tyres
 - single use plastics and non-recyclable packaging
 - others identified as a priority for Tasmania.
4. **Statewide data collection, analytics and reporting:**
 - tracking and investigating illegal dumping incidents
 - volume of waste generated and services demanded at statewide & regional scales
 - projection of capacity needs for infrastructure and services
 - to inform preferred interventions to problem materials.
5. **Governance and collaboration models** to engender trust & commitment:
 - to support surveillance & remediation of dumping sites
 - to build certainty for new services & assets to come online.
6. **Local government engagement and procurement support** to lock in demand for new services and facilitate efficient use of assets.
7. **Coordinated education, engagement and marketing:**
 - to ostracise illegal dumping and encourage reporting
 - to foster acceptance and uptake of new recovery services
 - to stimulate demand for recovered resources
 - to support best practice in local and regional services
 - to guide consumer & purchasing behaviours and decisions.
8. **Statewide enforcement and prosecution** of stockpiling in breach of licence conditions, and illegal dumping.
9. **Market development measures including sustainable procurement:**
 - to stimulate markets for resources recovered locally
 - to foster the replacement of non-recyclable and single use items with reusable / recyclable / recycled content items.
10. **Coordinated advocacy and policy input** at the national level, where national solutions are deemed to be more effective.
11. **Product stewardship of priority items** including product re-design and takeback arrangements (e.g. CDL)- *pending examination of net benefit.*
12. **Infrastructure funding** to stimulate investment in recovery assets
 - *Pending private investment gap analysis & case for public funding.*
13. **Market and/or statutory instruments** (e.g. levies, bans from landfill) to address gate fee differentials
 - *Pending an analysis of gap between gate fees for new services and willingness to pay above existing landfill rates.*

Figure 1: Overview of benefits (blue) and functions (green) of a statewide waste management arrangement for Tasmania, proposed to address four priority problems (in orange).

6. LGAT to note that, should Tasmania fail to install and fund a comprehensive and ambitious statewide arrangement including functions as set out in the Part A report, it is likely to miss out on the benefits that are propelling the other states into action.

7. LGAT to note funding allocations in other jurisdictions, adjusted to Tasmanian tonnages to landfill, equates to investing between \$6.4 and \$21 million in a Tasmanian statewide waste arrangement each year.

A review of measures and commitment levels adopted in mainland states revealed that, by and large, those states already use or are planning to use most of the functions set out in Figure 1.²

Each state voluntarily sets its waste and resource recovery policies, taking guidance from national directions. Noting the states' pursuit of recycling rates in the order of 75 % (Table 1), they appear to recognise the benefits of attending to their waste problems. Should Tasmania refrain from adopting a rigorous statewide approach to manage its waste, it will fail to reap the benefits commonly recognised and acted upon across the mainland.

Part A of the feasibility study granted the opportunity to approximate and compare the annual statewide investment into waste related functions and initiatives that occur within each jurisdiction.³ This is an important comparator, as the depth of commitment (in funding and resourcing terms) is as important as the spread of activities deployed in each location.

It can be seen that other states' funding into statewide and regional waste management activities and functions would amount to \$6.4 million to \$24 million each year, if their annual funding levels were re-calibrated to the volume of waste sent to landfill in Tasmania (i.e. scaled downwards to Tasmanian waste levels).⁴ Current funding in Tasmania, as committed by councils via the regional waste management authorities, is of the order of \$1.1. million per year.

Table 1: Selected waste and resource recovery performances and settings adopted in Australia and New Zealand.

	WA	Qld*	SA	NSW	Vic	NZ
Recycling rate targets (as published)	75 %	75 %	70–90 %	75 %	n/a	n/a
Recycling rate (2016-17)	53 %	44 %	78 %	59 %	68 %	28 %
Metro landfill levy (\$/tonne) 2018-19	\$70	\$75	\$100	\$141.20	\$64.30	\$NZ10
Public reinvestment (\$/tonne)	\$12.25	\$47.25	\$44	\$14.10	\$14.20	\$NZ10
Equivalent budget in Tasmania (adjusted for Tasmanian volumes)	\$5.5 m	\$21.4 m	\$19.9 m	\$6.4 m	\$6.4 m	\$NZ4.5 m
* Queensland landfill levies and public reinvestments are scheduled to be adopted from 1 July 2019.						

These comparisons are only approximate. A fuller comparison of jurisdictions' performances would look at wider metrics including, for example, per capita waste generation levels; the extent and impacts of litter and illegal dumping; adequacy of the regulatory framework; and the extent of private investment into the waste and resource recovery sector. Nonetheless, Table 1 is instructive for where Tasmania's ambition sits in relation to the mainland.

² The Part A report (Section 4) includes a discussion of arrangements used in nearby jurisdictions.

³ This comparison was necessarily approximate, as some details are difficult to access. Methods used are explained further in the Part A report, and include funding provided to state and regional organisations and their functions, as allocated through a statewide allocation process.

⁴ That is, if their current (or in Queensland's case, planned) annual investments in statewide and regional responses were transposed to Tasmania unchanged.

8. LGAT to note stakeholder support for, and the potential to pursue, a strong circular economy ambition through a statewide arrangement.

9. If supported, Part B of this study is recommended to further explore incorporating a strong circular economy ambition into a preferred statewide arrangement.

Arising from Part A workshops, there was a common interest in having the statewide arrangement influence practices outside of waste management and resource recovery, that nonetheless lowered the material intensity and reduced the impacts stemming from the use of materials across Tasmania. Its influence could take place 'upstream' of waste related activities (exerted on purchasing decisions, supply chains, production systems, and product specifications) as well as 'downstream' (exerted to develop markets and remove obstacles to market uptake).

In other words, stakeholders were interested to see the statewide arrangement incorporate 'circular economy' principles and outcomes in its purpose, and in doing so, improve the environmental footprint across the island economy. This would align Tasmania's statewide approach with the adoption of circular economy commitments in the National Waste Policy:⁵

'A circular economy retains the value of materials in the economy for as long as possible, reducing the unsustainable depletion of natural resources and impacts on the environment. A circular economy has economic benefits, creating new industries, markets and products, and leading to new revenue streams and creation of jobs.'

The encouragement of cleaner, lower impact practices across the economy reinforces the intent behind legislating Brand Tasmania as an authority responsible for protecting and upholding the state's image.⁶ Brand Tasmania recognises the importance of pristine landscapes, quality experiences and authenticity to Tasmania's brand as follows (bold added here for emphasis):⁷

*'The concepts of **quality** and **authenticity** are key values underpinning the Tasmanian Brand across all sectors. The words the brand evokes most often are: **Beautiful**; **Clean**; and **Natural**.'*

Cast in this light and consistent with the draft Waste Action Plan,⁸ there is a clear basis for Brand Tasmania to work closely with a statewide waste management body to help Tasmanian businesses leverage the state's natural and pristine imagery in a more authentic manner.

This authenticity comes from going beyond evoking and exploiting the cleanliness and quality of Tasmania's landscapes and resources, and actively protecting and nurturing those assets using cleaner and less materials-intensive practices. The alternative – to trade commercial benefits from Tasmania's clean and natural state without being seen to actively protect and enhance it – may itself put Tasmania's and its leading industries' authenticity at risk. Overleaf, Figure 2 suggests a collaboration model for government, businesses and the statewide arrangement to harness commercial innovation to protect the environment while enhancing Tasmania's image.

⁵ Commonwealth Government, '2018 National Waste Policy: Less Waste More Resources', p. 13-14.

⁶ See Department of Premier and Cabinet, 'Brand Tasmania: Role Statement – Chair person and Board member', p. 2. The first of its three objectives is to 'to ensure that a Tasmanian Brand, which differentiates and enhances Tasmania's appeal and national and international competitiveness, is developed, maintained, protected and promoted.'

⁷ See <https://www.brandtasmania.com/about-tasmanias-brand/>

⁸ Notably, the draft Waste Action Plan identifies the circular economy as a priority (see Section 1). Tasmanian Statewide Waste Management Arrangement feasibility study – Part B report

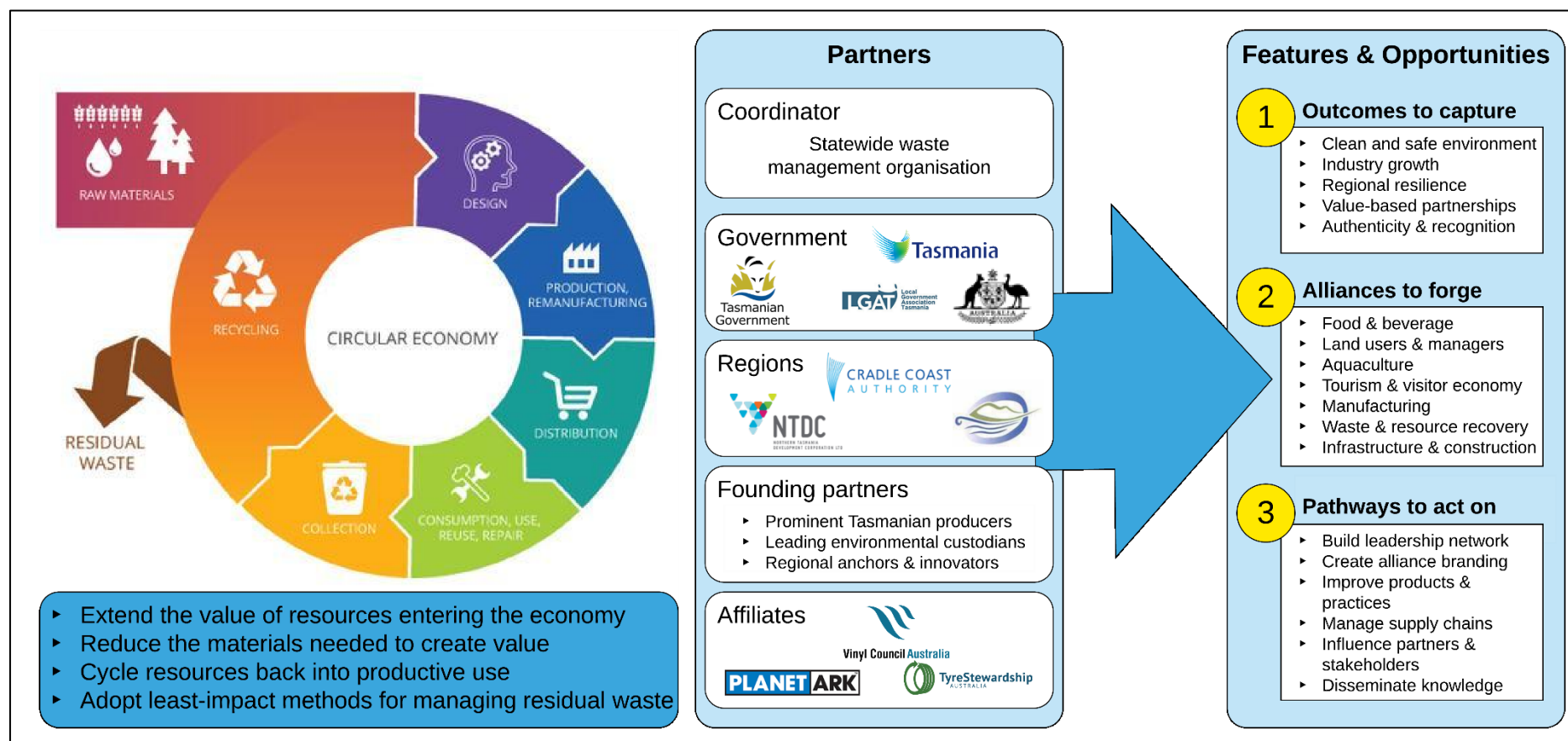


Figure 2: Concept diagram setting out the opportunity for government and business to collaborate in transitioning to a circular economy model for creating economic value. The model proposes the opportunity to build alliances between Tasmanian Government, local councils, regional development authorities, businesses, and organisations affiliated with environmentally responsible innovation and custodianship.

In doing so, Tasmanian Government and its partners can pursue a range of pathways to lessen the environmental impact of regional economic growth, stimulate commercial innovation and job creation, and earn recognition as authentic custodians of Tasmania's unique natural heritage.

1.4. Methods used in Part B

Delivery of Part B of the feasibility study took place through a series of related tasks from May through to July 2019, oriented to determine and recommend a preferred solution for delivering a statewide waste management arrangement in Tasmania. An overview of these components is provided below.

1. Use findings from Part A of the feasibility study and additional feedback from Part B workshops to set out specifications for and core attributes of a delivery model for the statewide arrangement (see Section 2 of this report).
2. Prepare an evaluation framework, derived from the above specifications and attributes, to determine the preferred deliver model (see Section 2).
Refine the framework in response to feedback from the Project Reference Group and stakeholders.
3. Nominate and describe candidate options for delivering the statewide waste management arrangement, to a level of detail that supports their comparison via the evaluation framework (see Section 3).
Seek feedback on and refine these options through stakeholder workshops
4. Perform an evaluation of the candidate options (see Section 4) to determine:
 - i) Which of the options represent a viable means to deliver the statewide waste management arrangement
 - ii) Which of the options should be recommended as the preferred model.

In doing so, the evaluation will additionally reveal design considerations and refinements to take into future planning and implementation stages for a statewide arrangement.

5. Set out a potential path to implement the preferred solution for a statewide arrangement (see Section 5), including governance and funding features. The solution will account for and leverage existing capabilities, ambitions, and openness to collaborate.
6. Deliver findings and recommendations to LGAT and partners via final Part B report; a final presentation of project findings to stakeholders; and brief summary and discussion of core recommendations to LGAT's Annual General Meeting.

1.5. Significant events since the commencement of this project

Over the duration of the feasibility study lifespan, there have been a number of developments that occurred and were not able to be fully anticipated from the project's inception. Two events of principal relevance to waste management in Tasmania and this study are:

- On 6 June 2019, the Tasmanian Government committed to implement a Container Refund Scheme (CRS) as a means to address beverage container waste and littering⁹
- On 29 June 2019 (i.e. after submission of the Part B draft report), the Tasmanian Government released its draft Waste Action Plan including, among other commitments, the intent to legislate for a levy on waste disposed of in landfills by 2021.

On reviewing the preliminary details of these initiatives, the project team formed the view that the announcement of the CRS does not introduce a substantial need to revisit discussions, findings and recommendations from the feasibility study.

On the other hand, the draft Waste Action Plan, reflecting potential (i.e. to be finalised) government commitments in waste management and resource recovery across the State of Tasmania, requires a more in depth acknowledgement and response in the feasibility study. In particular, there is a need to review whether the statewide arrangement and the recommended delivery model are largely compatible with the draft Waste Action Plan, and in what areas (if any) the two formulations may be innately challenging to reconcile. Further, pending agreement between local and state government sectors that the proposed statewide arrangement solution could be a suitable vehicle to have a central role in delivering the final Waste Action Plan, there is merit in this study examining how this could be incorporated into implementation of the preferred arrangement.

These matters are addressed in the final report, with a discussion of alignments set out in Appendix 2; and the consideration of Waste Action Plan delivery within a broader implementation framework set out in Section 5. Other points of consideration are provided elsewhere in the report, where it has been relevant and practical to do so without engaging in wholesale amendments to the draft report.

As an additional commentary note on these developments, the release of a draft Waste Action Plan underscores the opportunity in progressing and establishing the administrative architecture that is necessary to address waste management, resource recovery and circular economy-related concerns across the state. The release illustrates a level of commitment from the Tasmanian Government that LGAT and its members can now engage around and build a co-investment model upon. Equally, the commitments put forward in the draft Waste Action Plan serve as a draft set of objectives that the agreed functions of the statewide arrangement could be applied against. Combining both the co-investment model with an ambitious agenda to deliver on a final Waste Action Plan should position Tasmania to seek a stake from third parties including the Commonwealth Government and the private sector.

⁹ See http://www.premier.tas.gov.au/releases/container_refund_scheme_for_tasmania

Tasmanian Statewide Waste Management Arrangement feasibility study – Part B report

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2. Specifications for delivering the statewide arrangement

This feasibility study was initiated with the intent to determine the needs and benefits of a statewide waste management arrangement for Tasmania, taking account of the state's unique context. Further, the study would explore and recommend preferred delivery arrangements, and this investigation serves as the main focus of the present report. In order to review and compare different delivery options, their specifications need to be made clear and then held consistent across each option. That is, the study needs to describe what the arrangement must be capable of and the attributes it needs to carry, in order to acquit its assigned responsibilities and contribute value to Tasmania over a sustained period.

In setting out the needs and benefits of the arrangement during Part A, a set of thirteen functions was proposed and explained in detail as being necessary for the statewide arrangement to use in a combined fashion, to address known challenges and deliver its stated benefits (see Section 1, Figure 1). These functions form a cornerstone for the arrangement's specifications, yet other characteristics are needed to complete the specification. This section sets out those functions and attributes which will serve as threshold criteria to test each option against. It will also set out other features that will distinguish the anticipated performance of each option, and which are not necessarily framed as defining a minimum standard.

As a separate point of emphasis, the functions determined during Part A primarily involve transforming and influencing services (and related investments) delivered through competitive waste and resource recovery markets across Tasmania. These functions include influencing individual preferences in favour of more resource efficient and less environmentally harmful services and their outcomes. As such, it needs to make decisions at arm's length and with commercial independence from services within those markets. In exercising this impartiality, direct ownership of waste management and resource recovery assets and related service provision should be treated as strictly outside the scope of any lead organisation's role.

The criteria set out in this section will be used to compare delivery options for the statewide arrangement (as detailed in Section 3 of this report). It should be noted that the criteria are proposed as suitable for the present stage of planning and decision making. Learning processes undertaken during future stages (e.g. detailed business case and/or implementation planning) may give cause to amend or revise expectations placed on the statewide arrangement.

The comparison process itself is reported in Section 4, including a recommendation for the preferred delivery option. This comparison is necessarily descriptive (i.e. qualitative) rather than numerical (quantitative) in tone, due to the absence of operating data relevant to Tasmania that could otherwise lend itself to a more quantitative comparison of options.

2.1. Statewide waste management functions

During Part A of the feasibility study, the delivery of thirteen functions associated with improving and regulating waste management and resource use was proposed as 'core business' for the statewide waste management arrangement. That is, the arrangement needs to have a minimum capacity to develop, lead, coordinate, and implement these functions at a statewide level, potentially in collaboration with other entities working at state, regional and local levels. These thirteen recommended functions have since been endorsed by LGAT as functions that a statewide arrangement should have capacity to introduce as and when needed to fulfil waste management priorities for Tasmania.

How these functions are combined, prioritised, scheduled and resourced may be driven by the broader objectives for waste management in Tasmania (as agreed between delivery partners and stakeholders); by the particular challenges that the waste management arrangement is directed to prioritise its efforts towards; and by the delivery settings and commitment levels adopted by partners in the statewide arrangement. For illustrative purposes, the concept diagram overleaf (Figure 3) shows a systematic approach to how the arrangement might address dumping and stockpiling, through multiple responses applied at state, regional and local scales.

The Part A report had set out the thirteen functions as a general list, although noted the potential to cluster them according to general roles that the functions fulfilled. These same clusters are restated here in brief, with further explanation for how they fit together in an overarching statewide scheme to address waste management and the impacts of resource use.

Dumping & stockpiling: Problem statement & narrative

Illegal dumping on roadsides, parks and nature areas has been identified as a persistent issue for local councils and land managers. It is believed that the main source is an anti-social minority that fail to recognise or value Tasmania's natural assets.

Similarly, stockpiling of tyres is seen to be inadequately managed.

Present responses are viewed as inadequate and incomplete:

- Investigation and law enforcement is insufficiently resourced
- Data collection on patterns and impacts is costly and fragmented
- Community members are not responding to compliance messages nor their role in reporting improper behaviours
- Underdeveloped markets for dumped and stockpiled materials

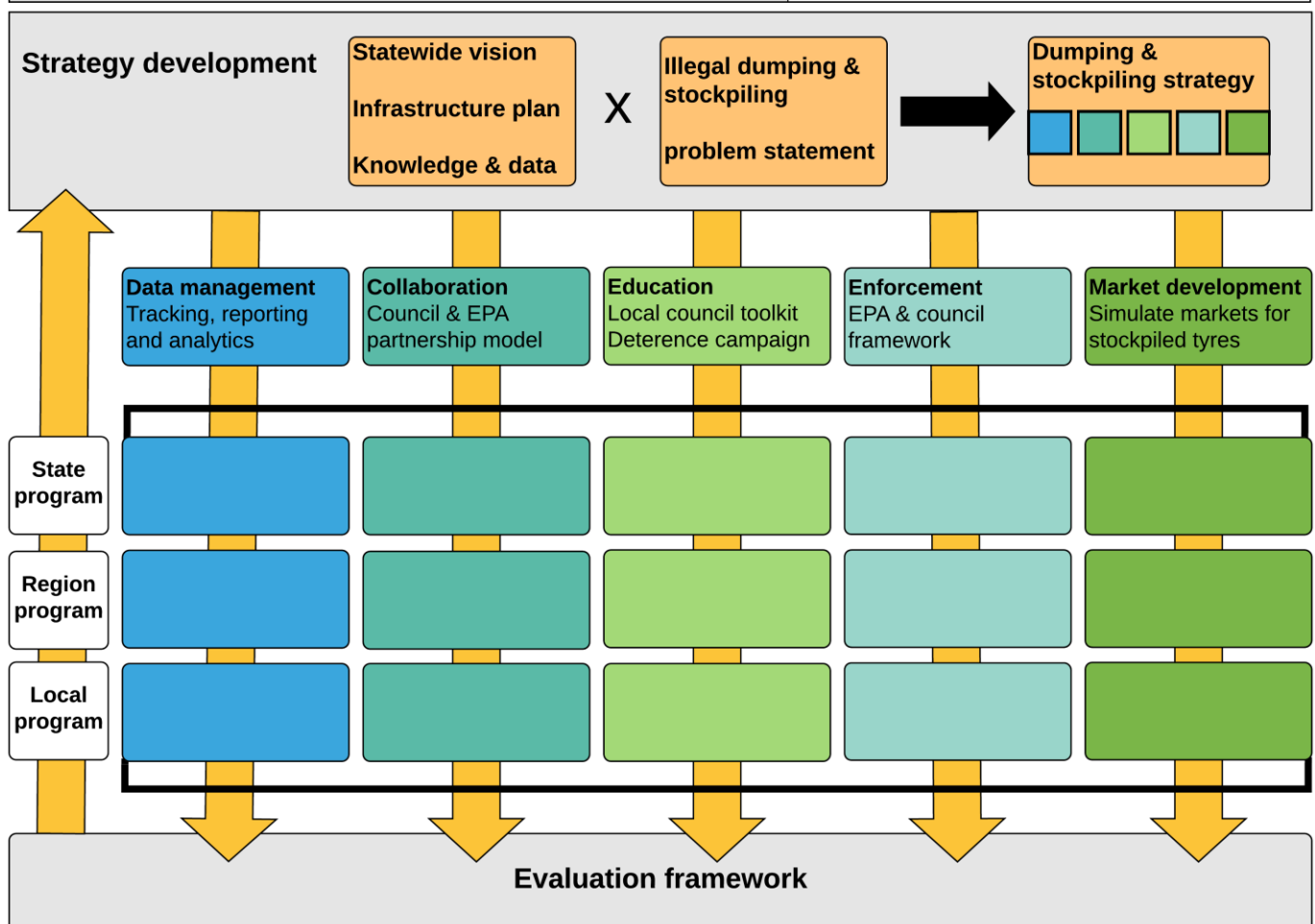


Figure 3: Concept diagram explaining how the statewide arrangement might be directed to respond to tyre stockpiling and illegal dumping, a priority identified by stakeholders (see Part A report, Appendix 4). Drawing on an agreed vision for waste management and resource recovery, data on the extent and nature of dumping and stockpiling, and stakeholder views on a preferred outcome, a Dumping and Stockpiling strategy could be developed and implemented. This strategy focuses on the delivery of five functions (for illustrative purposes) – data management, collaboration, education, enforcement and market development – to comprise a multi-pronged response to tyre stockpiling and illegal dumping. These five areas would involve work programs to be delivered at state, region and local scales to varying degrees and with the assistance of partner organisations. Each function area would be subject to an evaluation regime to inform on its performance and identify the need for future responses.

STRATEGY AND KNOWLEDGE DEVELOPMENT FUNCTIONS

- **Vision statement for waste management / circular economy in Tasmania, linked to a credible commitment to take action.**
- **Statewide infrastructure & service planning and scheduling.**
- **Development of strategies for priority items and challenges.**
- **Statewide data collection, analytics and reporting:**

The statewide waste management arrangement has a primary role in setting out a longer term vision for how waste is to be managed, and devise a path laden with objectives for how that vision will be realised. It needs to be able to demonstrate and stimulate a credible commitment across relevant sectors and stakeholders, to ensure that the vision comes into being.

Functions under the title of Strategy and Knowledge Development are geared to support this primary role, by building situational awareness and using evidence to set a preferred direction. It also includes the means to evaluate how waste management is tracking over time, make sense of drivers and influences on waste management and resource use, and assess whether the strategy being used in Tasmania is working effectively.

In practice, the vision may require strategies (see third bullet point above) to be developed in response to a set of priority areas that are critical to achieving the vision. These strategies would set out the required combination of operational and market transformation functions (discussed later in this section) that need to be deployed to address that priority and contribute to the vision. Where the priority involves a shift towards new services and infrastructure, this shift would appear in the infrastructure and services plan (second bullet point above) and would be used as a basis to deliver functions that stimulate new investment. In this way, the strategic cluster coordinates and directs a combination of other functions to deliver on agreed objectives.

As a set of specifications for the statewide waste management arrangement, the preferred delivery model would need to show:

- A capability for planning, coordination, guidance and implementation across these functions, including the capability to incorporate the needs and perceptions of important stakeholders and partners into their development and delivery
- An ability to coordinate, guide and support regional and local activities and operations that correspond and align with these functions
- An ability to convert proposed visions and strategies into commitments to take actions across partners
- A means to efficiently collect data and intelligence from relevant sectors and sources, and use it to make sound decisions for the future.

ONGOING OPERATIONAL FUNCTIONS

- **Governance and collaboration models** to engender trust & commitment.
- **Local government engagement and procurement support** to lock in demand for new services and facilitate efficient use of assets.
- **Coordinated education, engagement and marketing.**
- **Statewide enforcement and prosecution** of illegal practices.
- **Market development measures including sustainable procurement:**
 - to stimulate markets for resources recovered locally
 - to foster the replacement of non-recyclable and single use items with reusable / recyclable / recycled content items.
- **Coordinated advocacy and policy input** at the national level, where national solutions are deemed to be more effective.

The previous cluster (i.e. described above) sets the statewide trajectory for waste and resource management activities, services and infrastructure; and tracks progress towards and factors that influence the desired outcomes. In the absence of any other functions, the arrangement is bereft of the means to take actions that ensure this trajectory is followed. Thus, there is the need for the arrangement to plan, undertake and coordinate a set of ongoing functions that directly and explicitly drive and stimulate action and investment, and advocate and provide advice to other layers of government (i.e. the Commonwealth) to assist in Tasmania's transition.

This second cluster of functions, framed as Ongoing Operational functions, relates to supporting and influencing stakeholders that have a direct role in Tasmania's future waste management and resource recovery practices, services and infrastructure delivery. These include councils, businesses, households, and waste and resource recovery operators.

In practice, these functions would be applied in partnership with regional and local bodies, recognising that there are existing functions, responsibilities and relationships in place at those levels of operation, that may be leveraged to deliver on statewide objectives. All of the functions (engagement and education; market development; procurement support; regulation; and so on) have a commonality in that they seek to influence behaviours and practices across stakeholders involved in waste management and resource use, and this influence is somewhat scalable in line with the resources, sectors, and geographies of interest.

Of these functions, the enforcement and prosecution of illegal practices via a robust and effective regulatory framework is the most critical, and is important to establish across Tasmania across local, regional and statewide scales. A failure to regulate consistently and effectively undermines the statewide arrangement. This is because regulatory gaps invite leakage from the web of incentives that the arrangement delivers, potentially in forms that harm the community and the environment.¹⁰ In some respects, the existence and form of waste management and resource recovery markets is entirely dependent on the role of regulation to impose scarcity and ensure the full costs (i.e. both private and public costs) of responsible waste management practices are reflected in the commercial services offered through the market.

¹⁰ Examples include littering; illegal dumping; burning; disposal into drains and waterways; failing to neutralise or treat reactive and hazardous wastes; and other commercial waste management practices that are in breach of regulations and licence conditions.

Recommendation: LGAT should request the state government to review the completeness, resourcing and efficacy of activities directed to regulating waste management in Tasmania (i.e. encompassing regulatory arrangements and provisions at local, regional and state scales; and how these regulatory scales interact), recognising a common stakeholder view that there was opportunity for improvement.

TRANSFORMATION FUNCTIONS

- **Product stewardship of priority items** including product re-design and takeback arrangements (e.g. Container Deposit Legislation)
- *Pending examination of net benefit.*
- **Infrastructure funding** to stimulate investment in recovery assets
- *Pending private investment gap analysis & case for public funding.*
- **Market and/or statutory instruments** (e.g. levies, bans from landfill) to address gate fee differentials
- *Pending an analysis of gap between gate fees for new services and willingness to pay above existing landfill rates.*

A third cluster of functions is distinct in delivering larger transformations across the economy through altering how markets behave; injecting capital to update recovery infrastructure; and influencing the design, form and destinations of products transiting through Tasmanian markets.

As their direct intent is to engender systems-level changes where they are needed, they may not be as scalable as the Ongoing Operational functions (discussed above). Even in the case of public infrastructure funding, it is suggested that this will need a minimum outlay to drive meaningful change in, for example, the recovery of organic materials or construction and demolition waste across Tasmania. As a result, the statewide arrangement may need to be backed by strong political will, and will need access to effective implementation measures which may include legislation-setting powers and/or financial reserves. In practical terms, there may therefore be a basis for the statewide arrangement to lead on the planning, design, engagement and public value case aspects of each function, and then (pending a decision), have delivery delegated to a suitable third party (e.g. a regulator, grants funding entity, or other body).

Each large scale Transformation function may involve a degree of complexity in terms of working through stakeholder impacts and perceptions, and in settling on the preferred configuration to deliver intended outcomes. Affected sectors are likely to require notice in order to have time to adjust to these functions, and the risks and opportunities that they represent. As such, the Ongoing Operational functions could clearly have a role in assisting stakeholder acceptance and providing guidance on expectations as these transformative functions are implemented.

Given these dependencies, the Transformation functions may need to come online later than the Strategy and Ongoing Operational roles of the statewide arrangement, preceded by business case, engagement and design phases. It may be equally important for the arrangement to demonstrate its competencies and build strong networks in parallel, before gaining a position of trust consistent with initiating more profound changes in the state economy.

In summing up specifications related to these functions, a preferred delivery solution needs to be able to plan for, engage on and build the business case for any or all of the Transformation functions; and gain the necessary commitment for the function to be implemented, either by itself or through other parties with statewide responsibilities. During implementation, it needs to be able to advise and guide the lead implementing body (which may be itself) while using Ongoing Operational functions to smooth and support the roll out process.

2.2. Linking performance with purpose

In Section 2.1, the thirteen functions derived during Part A of the feasibility study were framed as specifications that a preferred statewide model of delivery should meet. Absent from this functional specification is an overarching purpose and set of objectives that define the extent that these functions would need to be deployed to deliver a satisfactory outcome for Tasmania.

While the current feasibility study is not positioned to decide these details or to set out measurable targets for performance, having a nominal purpose for the statewide arrangement at least allows the comparative analysis to carry a yardstick to assess each delivery option against. To this end, a draft purpose and set of objectives were drawn up (based on Part A stakeholder views) and tested during Part B workshops to confirm whether they were at least consistent with stakeholder expectations, and could be used to uphold the validity of the feasibility report.

Feedback from the Part B workshops suggest that the purpose and objectives below were seen as an acceptable point of reference for this study, noting the need to develop them further in future business case development and planning processes (pending a decision to commit to a statewide arrangement across one or more partners).

Draft purpose

To drive the shift to a more sustainable use of resources and management of solid waste and in doing so, bring diverse and widespread benefits to Tasmania.

Draft objectives

1. Incentivise & support waste management practices that protect the environment and safeguard human health.
2. Invest in efficient and quality waste and resource recovery services and infrastructure, and ensure they meet Tasmania's current and future needs.
3. Facilitate the transition to a circular economy, partnering with resource-dependent sectors and supply chains.
4. Adopt inclusive and transparent processes to set priorities and determine actions.

These workshops were held at a point before the release of the draft Waste Action Plan (i.e. across late May and early June 2019), and therefore did not provide a forum to elicit and capture views of the statewide waste management arrangement as a vehicle to deliver the final Waste Action Plan (pending its development and release). Through the announcement of the draft Waste Action Plan, the Tasmanian Government officially recognises that industry support for and development of the waste and resource recovery sector is needed.

Given this recent development, there is an urgent need for the local government sector (principally represented by LGAT) and the Tasmanian Government to work through:

- Whether the statewide arrangement should be positioned to have a central role in delivering a final Waste Action Plan
- Implementation details, including funding, governance and other settings necessary to 'operationalise' the solution recommended in the feasibility study
- Interconnections between processes to finalise the Waste Action Plan and to develop and implement the statewide waste management arrangement, with a view to streamline future work plans while recognising significant dependencies.

In working through these details, further insights into an appropriate formal purpose and objectives for the statewide waste management arrangement should be made. Some preliminary guidance on how LGAT and Tasmanian Government could navigate these points is set out in Section 5.

Notwithstanding these future processes and returning to the immediate needs of the feasibility study, the purpose and objectives presented on the previous page are seen as generally acceptable as provisional directions to help determine a preferred delivery option for the statewide arrangement. For illustration, the recommended functions of the arrangement can be framed in light of a given purpose and objectives (as in Table 2), showing how individual functions can enact a vision that derives from this purpose.

Recommendation: In progressing towards a statewide arrangement, LGAT and potential partners should work through an agreed purpose and set of objectives for the arrangement.

This process is recommended to:

- Seek input and buy in from stakeholders
- Confirm the status of waste management and resource recovery as essential services and strategic sectors, attracting resources, stimulus and support that recognise their important role in the Tasmanian economy
- Acknowledge any overlaps or complementarities with the image that Tasmania seeks to develop and protect through Brand Tasmania
- Incorporate the potential role of the statewide waste management arrangement as a vehicle to deliver a final Waste Action Plan (pending its development and release).

Table 2: Details on how each function nominated for the statewide waste management arrangement may be interpreted in response to the arrangement's proposed purpose, and as a component of an overarching vision for waste management, resource recovery and circular economy transition in Tasmania.

Function	Extent and interpretation to support the statewide arrangement and its purpose
Vision statement for waste & circular economy	Develop a compelling and convincing vision for waste management, resource recovery and circular economy transition with the buy in and endorsement of leading stakeholder groups. Incorporate statewide targets for priority materials, regions and sectors. Justify using a clear progression from the arrangement's final purpose and objectives .
Statewide infrastructure & service schedule	Quantitatively detail the medium (e.g. transfer stations) to large scale (e.g. landfills, MRFs, reprocessors) infrastructure capacities and needs matched to regional and statewide geographies, under present conditions; business-as-usual scenario; and scenario(s) aligned to Vision statement. Set out trajectory of infrastructure development and service requirements to align with Vision.
Development of strategies for priority issues	Prepare strategies and action plans to address priorities, setting out the contribution of different functions to achieve strategic outcomes over a defined period, delegated to different parties.
Data collection, analytics & reporting	Plan, develop and implement an integrated data management framework, tailored to support the vision and strategies; evaluate their interim and final performances; and empower partners and stakeholders to contribute to outcomes.
Governance & collaboration models	Deliver ongoing operational functions across Tasmania to effectively support the Vision statement and strategies for priority issues, as prescribed under Vision statement and individual strategies (above). Plan the selection, design and use of each function, setting out: accountabilities; extent of effort and resourcing requirements; measures to mutually reinforce results; implementation at statewide, regional and local scales; and evaluation procedures. Note: The delivery model for the statewide arrangement needs to be free of practical and institutional obstacles in the use of these functions to deliver on the statewide vision.
Local government engagement & procurement support	
Coordination education, engagement & marketing	
Market development including sustainable procurement	
Coordinated advice and policy input	
Product stewardship of priority items	Deliver evidence-based business case and stakeholder engagement on the necessity of and public value gained in using each function to deliver on the statewide vision. Use formal processes to advise government on and recommend details in adopting each function. Set out a clear pathway to implement the function either through the statewide arrangement itself or delegated to other parties / parts of government.
Infrastructure funding to achieve large scale shift in capacity to recover and reuse materials	
Market & statutory instruments (e.g. levies; bans)	

2.3. Core attributes

While Sections 2.1 and 2.2 present a set of functions or activities as criteria for the statewide waste management arrangement, there is also a need to confirm whether each option carries the necessary attributes to acquit those functions and deliver on an agreed purpose. These 'core attributes' need to be addressed through the evaluation process.

Based on Part A of the feasibility study, it is reasonable to expect that the entity or entities leading the statewide arrangement need to act in a way that improves public (i.e. community and environmental) outcomes associated with waste management, resource recovery and resource use over its operating period.

It therefore needs to have a degree of neutrality with respect to the allocation of private benefits and interests, and to avoid undue biases regarding the selection of instruments or functions that deliver a given outcome. It may be assumed that the arrangement needs to be in place in some form over the longer term (e.g. several decades) to provide appropriate signals to invest in the necessary services and infrastructure whose returns are delivered over a similar timeframe.

However, this longer term stability should not be interpreted as involving a protracted establishment process – the opportunity to deliver on national and state agendas suggests the need to progress the arrangement with some urgency.

Other desired attributes that can be derived from the potential role of the arrangement, and which will contribute to the evaluation process include:

- **A level of stability and resilience** to provide an environment in which businesses, councils and individuals can plan, act and invest with confidence.
- **An ability to respond to emerging issues and priorities** which may be driven by external forces and events and which may place the strategic vision for waste management in Tasmania at risk.
- **A capacity to retain buy in and authorisation** to act on behalf of the public and acquit itself as a custodian of the environment, and provide a means to incorporate stakeholder needs and perspectives into decisions.
- **A level of internal coordination and functional cohesion** so that there is certainty that the functions needed to deliver a statewide vision for waste management will be cohesively rolled out in the intended form and timeframe, and will effectively integrate with initiatives at more localised scales.

Each of the candidate options are to be examined in light of these attributes. This examination will mainly take the form of a description and identification of any areas of concern or risk. Where relevant, the experiences of nearby jurisdictions will be used to provide supporting evidence.

2.4. Comparative advantages and disadvantages

In the preceding parts of Section 2, a set of threshold requirements – as functions responding to a defined purpose; and as necessary attributes for the delivery model to hold – are set out as criteria. Each viable option needs to demonstrate a minimum credibility across these criteria.

It is also useful to examine options in a comparative sense, using criteria which serve as an indication of which solution provides an optimal statewide arrangement. Criteria chosen for this process are derived from the project brief and include:

Relative costs and benefits – While benefits may be aligned to functions delivered through the arrangement, there may be some cost differences between the different options that should be noted. These are likely to be understood in a general sense at best, due to the lack of precedent across the options explored in the feasibility study. Where there are differences in benefits due to the differing extents that the functions are delivered, these are likely to be captured through other criteria (as described in Sections 2.1 and 2.3).

Effectiveness of governance arrangements – Different options may have access to different governance arrangements, which in turn may have a bearing on the certainty that roles and responsibilities will be attended to as required. This therefore needs to be factored into a comparison, but it is equally important that preferred governance measures within the recommended solution are explored and offered as a means to address governance-related delivery risks.

Appropriateness and efficiency of funding arrangements – The preferred option for delivering a statewide waste management arrangement needs to include an efficient and sustainable funding model, ideally providing a level of stability and funding certainty over the longer term. Additional funding dimensions to examine include: consistency with the arrangement's objectives; alignment of funding with the distribution of benefits, stakes, and retention of buy in; and community impacts. An exploration of funding attached to each option may also need to consider how funding may be revised and scaled in response to different partners' ambition and willingness to commit to statewide outcomes.

Risks, opportunities and barriers to implement – Given that the different options may face different challenges in implementation, risk profiles, and opportunities to seize during delivery, these need to be captured and considered in a comparison process. The preferred option should involve minimal risk exposure, present the opportunity to achieve additional benefits, and have low implementation barriers (where these are not accounted for elsewhere in the analysis).

Consistent with other aspects of the comparative evaluation, content used to weigh up the different options will be descriptive in nature. However, it is expected that there will be the opportunity to review and confirm findings for each criterion in future planning and engagement processes (see Section 5.2), as new information comes to light.

2.5. Overview of the evaluation framework

For Part B of the feasibility study, the three areas of analysis and comparison described earlier in this section grant a means to determine which option is the preferred model for delivering the statewide waste management arrangement.

The first two groupings, involving function delivery and core attributes, serve as a means to test which options represent a minimum viable performance or alternatively, are at risk of failing to retain performance viability. The third grouping, dealing with comparative advantages and disadvantages, provides a further means to distinguish performances, risks and opportunities inherent within each option, and use this as a basis to compare strengths and weaknesses.

Drawing on this tri-partite analysis, overall commentary and conclusions can be made for each option (see Table 3, setting out a blank summary template), with a view to recommend a preferred delivery model.¹¹ Insights from the analysis may additionally inform delivery settings within the preferred model, to ensure that the optimal version of the preferred option (based on the limited knowledge available at the time of writing) is put forward for consideration.

Table 3: Template summarising evaluation outcomes for the options considered in the feasibility study (blank).

Option X	Description
Functions – review capacity of delivery option to deliver functions	
Strategy & Knowledge Dev.	
Ongoing Operational	
Transformation	
Core attributes – review fitness of option in response to necessary attributes	
Stability & resilience	
Ability to respond to emerging needs	
Capacity to retain buy in	
Coordination & cohesion	
Comparative advantages & disadvantages	
Costs & benefits	
Governance effectiveness	
Appropriateness & efficiency of funding	
Risks, opportunities & implementation barriers	
Findings in brief:	

¹¹ Due to the qualitative nature of this process, an assessment method based on numerical scoring has not been adopted in this feasibility study. A scoring process is suggestive of a depth of detailed data and/or empirical information (available through reports or stakeholder expertise) which does not represent the state of knowledge for statewide waste management delivery arrangements and their performance in Tasmania or in similar jurisdictions.

3. Overview of options

The previous section described the evaluation framework to assess, compare and recommend a preferred way to deliver the statewide waste management arrangement. In this section, three models for public sector delivery of the arrangement are put forward, derived from a more detailed explanation of their potential workings (set out in Appendix 1).

Given the role of the statewide arrangement to deliver functions that are intended to bring about diverse and widespread benefits across Tasmania, including for its community and environment, all of the delivery options under consideration will rely on one or more public sector organisations in leading roles (i.e. direction setting, coordination and strategic roles associated with the Strategy and Knowledge Development cluster described in Section 2).

Other sectors, such as the waste and resource recovery industry, other impacted industries, and the non-profit sector could input to this level, or be involved in leadership/advisory/delivery roles of a lower order. These interactions will be explored further under each option.

Other functions – i.e. those set out as Ongoing Operational and Transformation functions (see Section 2) – would be deployed in a coordinated and mutually reinforcing way, in response to the statewide vision and strategies developed by the lead entity (or entities). Individual functions within these clusters, including regulatory functions, could be delegated to organisations best positioned to deliver those functions at state, regional and local scales. In some instances, the strategic lead may be responsible for these operational and transformation functions as well (based on the relative merit of this approach). How this works has been detailed further in Appendix 1.

3.1. Option 1

This option represents the Tasmanian Government assuming leadership of the statewide waste management arrangement (Figure 4), in a manner resembling that of the mainland states. Other sectors, (councils, regional bodies and private industries) would input to strategic functions and processes. However, decision making and authorisations are ultimately internal state processes.

Data gathering and dissemination would establish and rely on sectoral roles and capacities that are linked to data collection and reporting, which may be incentivised through statewide measures. Data custodianship would be centralised through the state government.

There are a number of options for how the Tasmanian Government could create a lead entity:

- A. Newly established agency, set up via legislative amendment or foundation legislation
- B. Establishment of a Government Business Enterprise (GBE) through the *Government Business Enterprises Act 1995*, owned by the Treasurer and nominated Portfolio Minister
- C. Department (or departments) delegated to take on the role through ministerial direction
- D. Expanded role and functions of EPA Tasmania, enabled through amendment to the *Environmental Management and Pollution Control Act 1994*, noting that this variant may face difficulty in embedding an identity and culture in line with the need and opportunity.

Interactions across functions

- A streamlined approach would see most other functions (i.e. Ongoing Operational and Transformation functions) of the statewide arrangement delivered by the same entity, unless there exists a body or agency that has specialised capabilities and/or heads of power.
- Irrespective of the enabling mechanism and strategic lead for the statewide arrangement (A to D above), statewide environmental regulation stays within the EPA's functions and so this authority would need to lead on regulatory enforcement and related activities at this scale.
- In the case where the EPA is the lead entity for the arrangement (D above), ring fencing between regulation and other functions is warranted to avoid conflicts and role ambiguities.
- The 'EPA as strategic lead' model (D above) may have other tensions. For example, in delivering a given strategic vision, there may be an inclination to skew the selection and balance of functions towards (or against) regulatory interventions.

Interactions with regional and local scales

- Regional joint authorities in the north, northwest and south of Tasmania have established regional waste management authorities to support council services and activities within their operating areas, acting independently of the Tasmanian Government.
- The statewide waste management body can work with regional authorities and their councils to deliver on statewide priorities at regional and local scales, with a focus on coordinating functions and services so that each region contributes to statewide objectives.
- However, the regional bodies and councils may not be compelled to cooperate except by using incentives. The relationship would need to respect and tolerate a degree of council independence which may influence the timing, extent and focus of local implementation.
- An alternative approach may be to instate regionally-placed state government entities, replacing the existing regional waste management authorities. This could introduce efficiencies between state and regional scales, while shifting the interface from a state-regional layer to a regional-local layer.

Funding and resourcing

- Consistent with a model in which the Tasmanian Government leads on strategy, planning and decision making roles, funding and resourcing responsibilities are held by the state.
- For variants where an agency or department was the lead, initial core funding could be via budget processes (with funding for fixed term initiatives determined via a business case).
- Under this model, there may be upper limits to how much funding can be drawn into the statewide arrangement given the opportunity cost of funding elsewhere. Some functions may not be viable at the scale needed to achieve its intended outcome, within this constraint.
- The use of landfill levies from 2021 onwards (as committed to in the draft Waste Action Plan) could be a means to deliver higher and sustained revenues to dedicate towards the statewide arrangement and regional implementation. Yet given rationales for installing landfill levies used elsewhere, there is a need to develop and communicate a clear view of what purpose(s) the landfill levy serves, and how this then frames its details.
- In pursuing a mandatory landfill levy, the regional landfill levies currently in use in the northwest and northern parts of the state need to be acknowledged. A statewide levy is likely to require the cessation of those regional levies. This discontinuation of regional levies would interrupt regional independence on waste planning and strategies in those locations.
- Even in the case where councils and regional authorities are compensated over a transition period, this funding model involves councils having a diminished negotiating position and capacity to lead their regions. Given the historic leadership of councils and regions on waste management, this may be perceived as a less satisfactory model for those sectors.

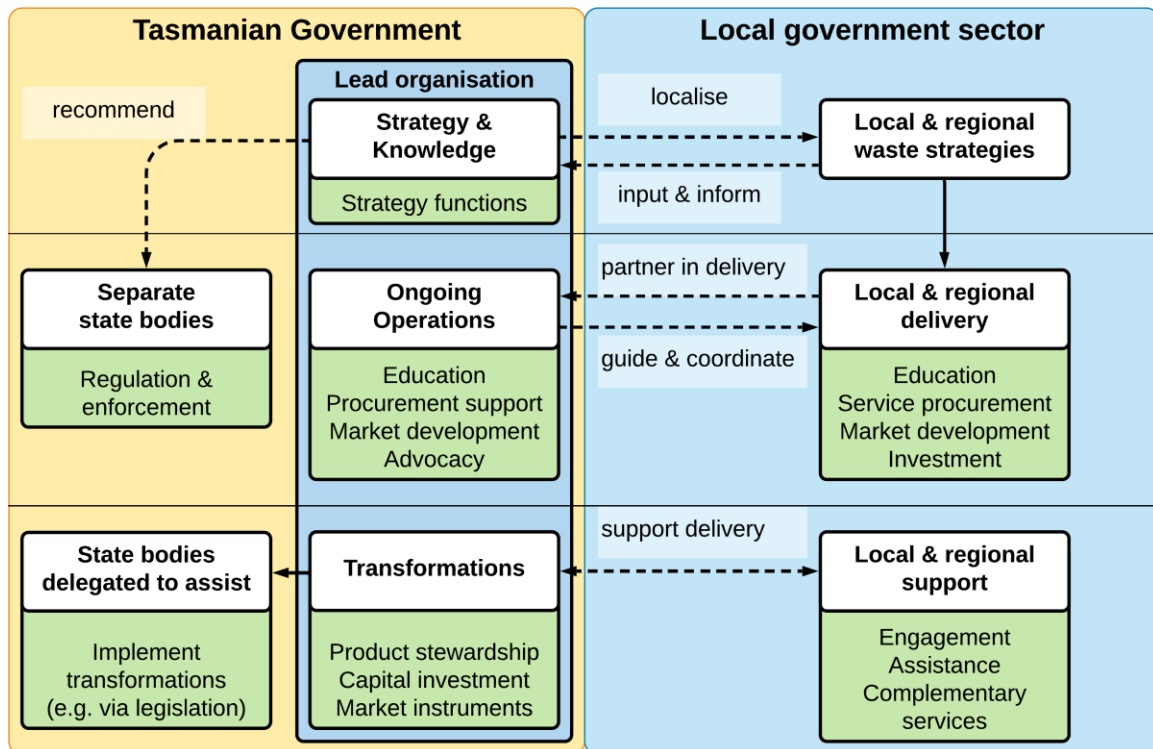


Figure 4: Concept diagram for Option 1. The lead organisation is embedded within the state public administration and provides direction and guidance to the local government sector in regional and local strategies, services, functions and activities that contribute to the statewide waste management vision. In responding to this direction and guidance, regional and local bodies implement the statewide vision at a regional and local scale. Statewide functions are delivered by the lead organisation (i.e. within the state government), with a formal capacity to advise and recommend other parts of the state government to lead components where they are best suited.

3.2. Option 2

This configuration has the local government sector leading on waste management at the statewide scale (Figure 5), in the improbable event that the state government was unwilling to adopt a leadership position.¹² This builds on existing local and regional commitments by adopting a whole-of-Tasmania approach to planning and by bringing new functions into place.

Local councils and their regional authorities would set the vision and strategic agenda, and use collaboration and sector-wide approaches to different challenges as a means to achieve scale and consistency. For some functions, the local government sector may need to influence the Tasmanian Government to take the necessary actions that it cannot effectively deliver by itself.

The local government sector would have a number of delivery configurations to explore:

- A. Collaborating via regional waste management authorities entering into a formal partnership agreement to formulate and deliver a statewide waste management agenda
- B. Formation of a joint authority tasked to deliver the statewide arrangement across all participating council areas (under Division 4 of the *Local Government Act 1993*)
- C. Delegation of duties to a local government member organisation (or a subsidiary to that organisation) such as LGAT, to lead and coordinate the arrangement on councils' behalf
- D. Establishment of a Special Purpose Vehicle (SPV) under the Commonwealth *Corporations Act 2001*, with purpose, objectives and functions codified in the company constitution.¹³

Interactions across functions

- The council sector would lead across the Strategy and Knowledge Development functions through one of the four variants (A through D above).
- Many or all of these functions have been carried out at regional scales to date. The main adjustments from current approaches would be to upscale the geography; and separate strategy planning processes from asset ownership to ensure the vision remains impartial from special interests operating in different regions.
- Three of the Ongoing Operational functions – i.e. education; waste management service and infrastructure procurement support; and market development and sustainable procurement functions – could represent a continuance of regional activities, albeit on a statewide scale.
- Two of the Ongoing Operational functions – regulatory enforcement; and advocacy to national processes – may be more challenging to deliver at a statewide scale while acting purely from a local government position, and are likely to be more effective if the state government is involved in some capacity.
- Some of the larger Transformation functions (which may need to be backed by legislation) could be difficult to put in place without some assistance from the Tasmanian Government. That is, they inherently carry a dependency on the state's cooperation. This would put recently announced statewide landfill levies and the Container Refund Scheme as measures that sit outside of and independent of the statewide waste management arrangement.

¹² The Tasmanian Government's recent release of the draft Waste Action Plan may be interpreted as a willingness to adopt a leading position in waste management. Option 2 therefore becomes a less likely scenario, that nonetheless needs to be examined in support of a comprehensive comparison.

¹³ See <https://asic.gov.au/for-business/registering-a-company/steps-to-register-a-company/special-purpose-companies/>

Interactions with regional and local scales

- The statewide arrangement is led by councils using an operating structure that allows the council sector to take a statewide perspective and enact statewide functions. Irrespective of delivery variants A to D, the arrangement is led by a body owned by or operating on behalf of the local government sector.
- Similarly, a council-led statewide arrangement is expected to have an awareness and appreciation of council duties and processes in delivering waste management services.
- Some councils may elect to opt out of a statewide arrangement, on the grounds that their needs are not adequately served. Managing and resolving this potential risk could be overcome through sound and inclusive governance processes (noting that some trade-offs are likely to be necessary), and through proactive engagement and reporting processes.
- Sound governance and planning may also be needed to ensure commercial and industrial wastes are addressed to the extent they deserve, rather having the statewide agenda unduly biased towards issues to which local governments are most sensitive.

Funding and resourcing

A council-led statewide arrangement has a number of options to secure resources and funds. The arrangement could be staffed by a mixture of direct employees and secondments from member councils and regional authorities. This would provide the benefit of cross-transfer of knowledge and the accumulation of direct experience working within partner organisations.

Options for limited funding in the short term could involve one or more of:

- Council contributions, made as ongoing budget allocations to the statewide lead
- Full or partial allocations of voluntary landfill levies collected at a regional level
- Contributions from the Tasmanian Government and Commonwealth Government, in recognition of the statewide waste management arrangement's support for and delivery of state and national agendas in waste management
- Other funding made available from the Commonwealth Government, potentially tied to individual projects and initiatives.

However, there may be the need for a major upshift in funding, both as the statewide arrangement matures and as some more financially intensive functions (such as infrastructure funding) are decided as necessary. During this phase, there may be challenges in setting a funding strategy that is certain, stable and scalable in this situation.

- Funding could be enhanced by increasing council contributions or regional levy rates, although there are likely to be upper limits either due to exhausting councils' willingness to lift their contributions and/or risking the perverse incentive to send waste to landfills that do not incur a landfill levy (or to illegally dump in other locations).
- An alternative option to raise additional funding may be to dissolve the regional and voluntary landfill levies, and replace them with a (higher) statewide levy applied to all landfills and forms of waste sent to landfills (per the draft Waste Action Plan). This may lift levy revenues across the state, although it cannot be assumed that the Tasmanian Government would enact the measure or hypothecate funding back to the statewide arrangement over the longer term.

Finally, the statewide arrangement could seek to lift its incomes using a combination of different funding options. However, adopting such a disparate funding approach could introduce complexity and instability into the funding model, and is to be avoided for funding core operations. So while a diversified and opportunistic approach to funding the arrangement may be superficially appealing, it may also introduce structural risks over the long term. A better approach would be to identify a single funding solution for core needs, which needs to be sustainable and consistent with the intent of the statewide arrangement.

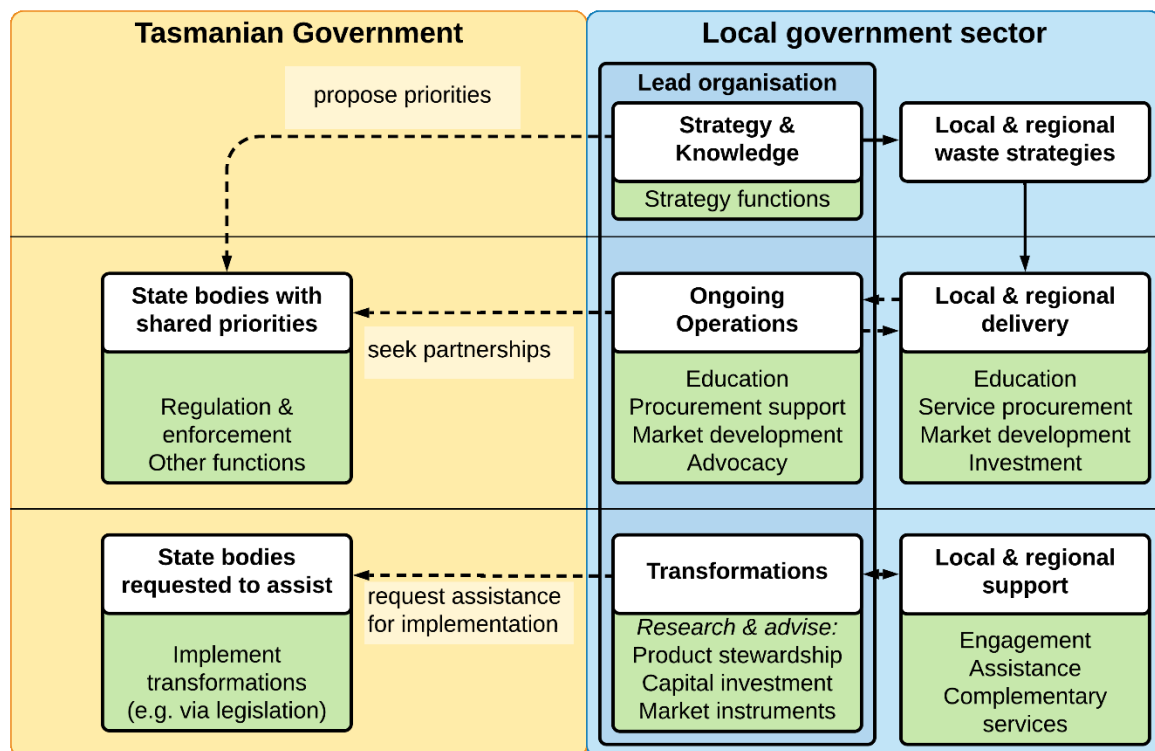


Figure 5: Concept diagram for Option 2. The lead organisation formally represents (e.g. via ownership or membership) and primarily acts on behalf of the local government sector. The statewide strategy therefore provides services, direction, guidance and functions more generally in support of Tasmanian councils' agenda for waste management, resource recovery and the circular economy. This is planned for and implemented at statewide, regional and local scales, integrating with local and regional strategies, services and functions. In principle, the scope of interest would not be restricted to municipal wastes, but also to commercially generated materials. As an external organisation, the lead body is not in a position to formally recommend, direct or authorise actions and responses for the Tasmanian Government to lead, but can propose priorities and seek partnerships with state bodies who are in a position to assist. As a result, some ongoing operational functions at a statewide scale, principally regulation, require state government cooperation for their enactment. Similarly some larger scale transformations that require legislation to come into effect, such as regulation-backed product stewardship, mandatory landfill levies (and functions that rely on funding via such levies), and landfill bans remain at the discretion of the state government. In these cases, the lead organisation may request assistance to implement these functions via formal engagement and advocacy channels, but cannot presume that their activation will follow the timeframe and form as requested.

3.3. Option 3

This option sets out a model that formally partners local government and state government in leading a statewide arrangement (see Figure 6). The aim is to pair the historic progress made and competencies held by local governments and their regional bodies with the Tasmanian Government's ability to formally represent the state, enforce regulations, and enact legislation.

This body, created via a special purpose vehicle¹⁴ under the Commonwealth *Corporations Act 2001* or similar mechanism and potentially authorised in its role and duties via enabling legislation, sets the strategic vision and direction for waste management, resource recovery, and the shift to a circular economy for Tasmania. It coordinates and guides work plans for the state and councils to deliver on, covering the selection, design and roll out of functions.

While this model involves a formal collaboration between state and local bodies, there is no definitive requirement to bring existing regional waste management authorities under the statewide arrangement as regional offices. That is, they can retain their current status as regional joint authorities and joint authority committees, with assistance, coordination and support offered through the statewide arrangement (see Figure 6). Should it become a priority, the statewide arrangement body – as an entity held by state and local governments – could conduct a review of regional arrangements in an effort to determine the optimal approach to deliver regional outcomes.

While this model may theoretically cover the gaps identified in the two previous options, there may be challenges involved in negotiating to take on, upgrade and share different responsibilities across the two public layers; settle funding needs and strategies; and (potentially) transfer, wind down or re-wire some existing functions to better align with a statewide focus.

The final agreement would be reflected in a governance framework involving a combination of decision makers and executives from across state and local government administrations. This would be codified into the company constitution and board guidelines, and in formal authorisations from within the state and local government administrations.

Interactions across functions

- The partnership body is responsible for Strategy and Knowledge Development: vision setting; preparation of strategies; infrastructure and service planning; and data custodianship.
- Ongoing Operational functions that deliver on the statewide agenda are conceived and coordinated from within the partnership body, with input from delivery partners in state government and local government (including any regional entities with an ongoing role).
- Statewide regulations remain within the EPA and local regulations sit with councils, and are operationally separate from other functions. Where the body identifies gaps or weak points in regulation, it can recommend to the EPA and the Minister for Environment that these concerns be addressed.

¹⁴ A special purpose vehicle or special purpose company differs from a 'standard' company by virtue of being set up for a specific reason other than for 'general business'. This structure may be of benefit in implementing the statewide arrangement wherein stakeholders seek a degree of certainty that the lead entity will stay within a set scope of activities that is consistent with maintaining market impartiality. In practice, identical impartiality outcomes could be achieved through the use of a general company structure (including non-profit or charitable purpose companies), and combining corporate governance mechanisms with enacting legislation that prescribes what the entity may and may not do (i.e. without holding formal status as a special purpose vehicle).

- The body establishes the business case for any Transformation functions (i.e. bans, new regulations, large scale infrastructure funding, and mandatory levies and other instruments), including implementation paths and recommendations to legislate a solution when needed. Alternatively, the business case process could be delegated to a separate entity, which is required to consult closely with the statewide arrangement body.

Interactions with regional and local scales

- The partnership has access to state government powers and positioning (via formal advisory channels and reporting lines), while retaining a connection to councils and regional bodies.
- The statewide body guides local and regional entities in implementing statewide functions into their strategies. At the same time, the needs and priorities at local and regional levels can be internalised into statewide planning, given councils' presence in the partnership.
- The statewide waste management arrangement is able to allocate and deliver functions in a way that avoids potential conflicts. For example, should joint authorities continue to deliver commercial services and hold infrastructure assets, the statewide partnership body could directly deliver procurement support to councils and publicly fund infrastructure in an impartial manner, i.e. independent of assets and services being held by private or public owners who may have a stake in funding and procurement decisions.

Funding and resourcing

- This model fosters personnel transfers and secondments from across state and local government sectors in a way that supports knowledge exchange and professional networks. This practice will help partners anticipate the different perspectives, priorities and internal processes to account for in delivering the statewide waste management arrangement.
- In employing a model where local and state government share delivery responsibilities, this option is consistent with a shared funding model. A funding ratio of 1:1 for example, would symbolise a common onus to bring forward a more sustainable model for waste management and resource recovery in Tasmania.
- In the earlier years of the statewide arrangement, i.e. when establishing and drafting initial strategies and functional capabilities, this funding may be more achievable than if either local government or state government is fully responsible for resources and funding.
- Should there be a move to introduce statewide, mandatory landfill levies as a means to fund the statewide waste management arrangement (while potentially achieving other goals as a market signal), the partnership model may ease this process. Councils may be more willing to wind back their voluntary landfill levies in the knowledge that they will then be an ongoing partner in decisions on how to allocate landfill levy funds to various needs.
- The capacity of this option to negotiate and coordinate the termination of regional landfill levies may be a means to ameliorate some risks associated with introducing a statewide landfill levy as committed to in the draft Waste Action Plan.

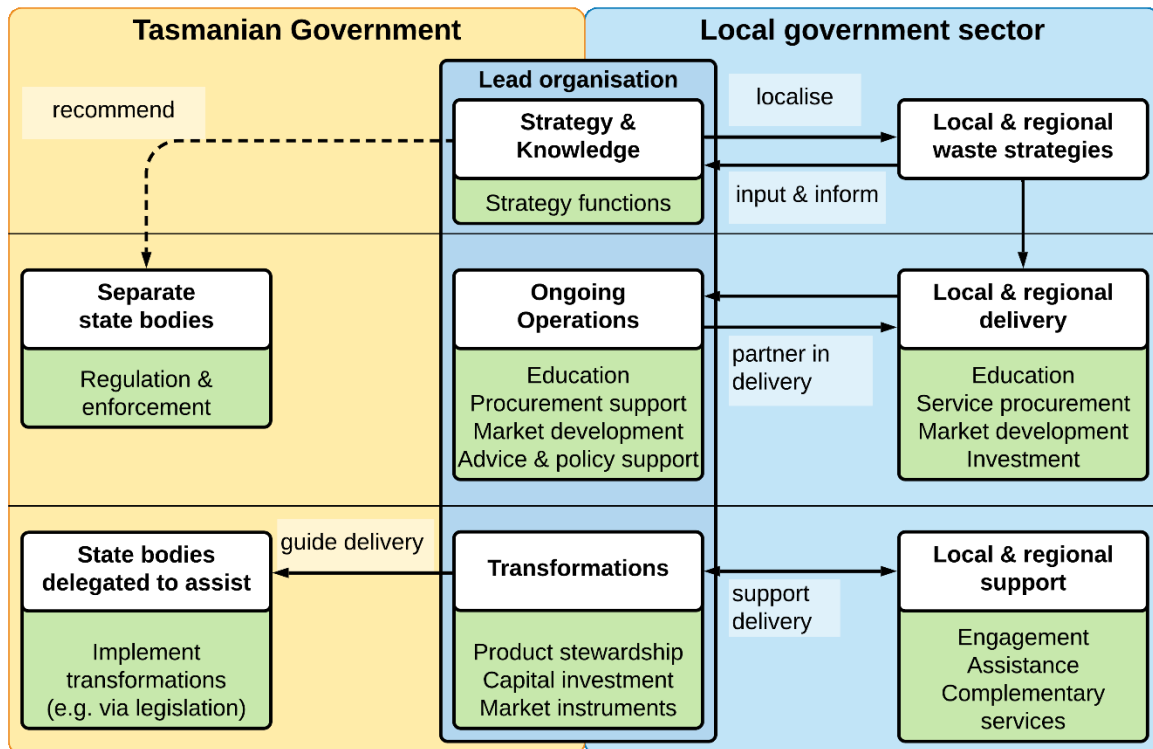


Figure 6: Concept diagram for Option 3. The lead organisation is co-owned by state government and local council sectors, formally responsible for planning and delivering a statewide waste management, resource recovery and circular economy strategy for Tasmania. Funded through both public layers, the body has direct internal reporting and formal advisory roles to the state government, including a capacity to advise on regulatory needs and request other parts of state government to take action on its behalf. On the local government side, it provides guidance and support for regional bodies and local councils to implement the strategy at these smaller scales, and deliver consistent functions and services where suitable. Straddling the two public administration layers, it is positioned to coordinate different functions operating at different levels of accountability.

4. Evaluation of options

This section sets out evaluation findings for each of the options described in Section 3, using the specifications and evaluation framework set out in Section 2.

The section structure commences with an overview table for each of the three options, adapted from the template presented in Section 2.5 (see Table 3). The performance of each option against each criterion has been colour encoded according to the following method:

- Green colouring indicates a finding in which the option is perceived as being able to meet a minimum performance threshold – e.g. it is likely to be able to deliver the functions in question, or display the necessary attributes. That is, the delivery model within the option is not innately at odds with meeting the criterion.
- Amber colouring indicated a finding in which the option is perceived as carrying substantial risk, uncertainty or difficulty in meeting a minimum performance threshold. That is, the delivery model within the option may be fundamentally at odds with meeting the criterion. Substantial effort and/or work-arounds may be needed to overcome these challenges.
- Colourless entries indicates where there is not sufficient information at the present point in time, to make a clear judgement regarding how the option responds to the criterion. Delivery partners may need to re-examine this criterion as the statewide waste management arrangement is progressed. It should be noted that, in the tables overleaf, the colourless entries only relate to comparative (rather than minimum threshold) criteria – i.e. they relate to questions as to which option would perform better, rather than whether a given option meets a minimum performance expectation. As such, the colourless entries do not provide cause to withhold progress until further information and analysis is undertaken.

Summary table – Option 1

Option 1	Delivery led by the Tasmanian Government
Functions – review capacity of delivery option to deliver functions	
Strategy & Knowledge Dev.	✓ Development of Tasmanian Waste Action Plan may suggest a capacity to deliver statewide waste strategy including multiple functions, infrastructure stimulus and data management.
Ongoing Operational	✓ Can directly enhance and support regulatory functions as needed. ✓ Positioned to advocate for and formally represent the state. Needs to develop education, market development & procurement support from low bases, but this may not impede proficiency.
Transformation	✓ Has a direct capacity to enact legislation for transformation functions, and to centrally engage on stakeholder impacts.
Core attributes – review fitness of option in response to necessary attributes	
Stability & resilience	✓ There are mechanisms to provide for a stable state led model – e.g. enacting legislation, GBE provisions, ongoing funding allocation.
Ability to respond to emerging needs	- While a state led arrangement could be geared to identify challenges, there may be lags between emerging issues, intelligence gathering and formation of a response, due to a level of insulation.
Capacity to retain buy in	- May face challenges in retaining local government buy in given that this model features unilateral control by state government.
Coordination & cohesion	✓ Potentially able to efficiently coordinate functions that can be internally delivered via state government bodies. - May be inefficiencies and time lags in actions that need to convert state led strategies into regional and local implementations.
Comparative advantages & disadvantages	
Costs & benefits	Preferred model is likely to require a new agency to form (to ensure impartial regulation quarantined from other functions).
Governance effectiveness	✓ State government has published and uses a range of governance apparatus for agencies, GBEs, etc. which can be effective for waste.
Appropriateness & efficiency of funding	✓ In earlier years, an effective funding model may involve an ongoing state budget allocation to support core functions. ✓ Centralised, regulated landfill levy (if used) likely to be an efficient mechanism to gather funding if reinvested into waste management. - Adoption of a state landfill levy is likely to be contentious (based on mainland experiences) with councils potentially left out of decisions on how to invest while still having service delivery responsibilities
Risks, opportunities & implementation barriers	✓ May be some capacity to seek funding support from the Commonwealth Government, based on the opportunity to lift national recovery rates through supporting one of the lagging states.
Findings in brief:	
<ul style="list-style-type: none">• Well placed to deliver strategic, ongoing and transformation functions across the state.• Can back each function with legislation and effective regulation where this is needed.• A centralised state model may have delivery frictions where independent regional bodies and councils are expected to adopt some functions, services and activities for implementation.• Adopting a state landfill levy may risk council buy in unless allocation model is inclusive.	

Summary table – Option 2

Option 2		<i>Delivery led by Tasmanian local governments</i>
Functions – review capacity of delivery option to deliver functions		
Strategy & Knowledge Dev.	✓ Demonstrated capacity to set visions, develop strategies, review services and infrastructure at local and regional scales, and deliver needs-driven data services at regional level, which can be upscaled	
Ongoing Operational	✓ Track record of delivering education, procurement support and market development at regional scales, to replicate at state scale - Cannot unilaterally address regulatory gaps, which may impact effectiveness of some measures or fail to address perverse outcomes - May be only partially effective in advocating with Commonwealth	
Transformation	- Some transformations (state landfill levy, bans, regulation-backed product stewardship) will need legislation that cannot be assumed	
Core attributes – review fitness of option in response to necessary attributes		
Stability & resilience	✓ Options to set up a stable and resilient local government model, e.g. via joint authority, inter-regional agreement etc.; may need governance tailored to ensure equitable outcomes across the state	
Ability to respond to emerging needs	✓ The arrangement could draw on regions and councils as an intelligence network operating close to waste and recovery markets	
Capacity to retain buy in	✓ Vision, strategy and functions can be designed with council inclusion, thereby helping to retain buy in. - May be some dissatisfaction at limitations in the functions in place.	
Coordination & cohesion	✓ Able to develop regional implementation with clear line of sight to regional and local council processes and perspectives - Cannot assume that functions that depend on state government action will be rolled out in the form and timeframe needed.	
Comparative advantages & disadvantages		
Costs & benefits	✓ May be some cost efficiencies through outsourcing some functions to existing bodies (e.g. regional authorities; LGAT) and/or accepting some 'in kind' office arrangements.	
Governance effectiveness	✓ Able to adopt a number of governance tools tested in the local government area including joint authority provisions and Tasmanian Government guidelines for public sector governance	
Appropriateness & efficiency of funding	✓ Councils have a range of collaborative funding options that may be effective and efficient, e.g. voluntary levies and membership fees - However, these fees and levies have scaling limitations and it cannot be assumed that the state government would design its landfill levy to ensure the necessary scale of funding is provided.	
Risks, opportunities & implementation barriers	✓ May be some capacity to seek Commonwealth funds, based on opportunity for councils to stimulate investment in recovery assets	
Findings in brief:		
<ul style="list-style-type: none"> • Council led model can leverage prior experience and leadership of councils and regional bodies. • Well placed to adopt delivery efficiencies by working within the local government sector. • Poorly placed to ensure adequate regulation or legislation to back functions where it is needed. • Significant barriers to scaling funding upwards, which may constrain what it can achieve. 		

Summary table – Option 3

Option 3		<i>Delivery shared by Tasmanian Government & councils</i>
Functions – review capacity of delivery option to deliver functions		
Strategy & Knowledge Dev.	✓	Able to draw on experiences and perspectives in delivering local / regional strategy, combined with Tasmanian Waste Action Plan. ✓ Data management commonly recognised as a high priority.
Ongoing Operational	✓	Can draw on local and regional experience in most functional areas while ensuring regulation is delivered to the standard needed. ✓ Can form a united position in advocating to federal government.
Transformation	✓	Able to make an internal case to the state, where legislation and regulatory enforcement is required to deliver the function.
Core attributes – review fitness of option in response to necessary attributes		
Stability & resilience	✓	Some prior examples of state-local partnerships backed by legislation, but a tailored solution will be needed (Section 5).
Ability to respond to emerging needs	✓	The collaboration model allows for the statewide waste management arrangement to directly use local and regional networks to identify issues, provided it is set up to utilise those links. ✓ Can potentially expedite strong and rapid statewide responses.
Capacity to retain buy in	✓	Shared leadership, decision making and co-investment model is conducive to retaining buy in from state and councils. ✓ Can ensure strategies and action plans take account of state, local and regional issues, and the decision processes of each layer.
Coordination & cohesion	✓	Assuming adequate governance and communications, this model allows for strategic leads and delivery entities to synchronise their actions and work plans at state, regional and local levels.
Comparative advantages & disadvantages		
Costs & benefits	✓	May be efficiencies in ensuring that local and regional actions synchronise with statewide strategies.
Governance effectiveness		There are some precedents for a local/state collaboration to apply to a statewide waste management agenda. Section 5 presents a potential solution which will need to be tested and refined over time.
Appropriateness & efficiency of funding	✓	Partner model allows for matched funding, appropriate for a policy and service area where responsibilities and benefits are shared ✓ Likely to be able to retain council buy in and cooperation in shifting to a legislated statewide landfill levy, provided that investment decisions are shared → funding model is scalable.
Risks, opportunities & implementation barriers	✓	Demonstrated state and local collaboration may strengthen Tasmania's position to lock in co-investment from Commonwealth Potential negotiation barriers faced in arriving at and committing to a partnership agreement – see Section 5 for proposed pathway.
Findings in brief:		
<ul style="list-style-type: none"> Option 3 brings together comparative strengths in local and regional functions and service delivery experience, with the state's formal representation, regulation and lawmaking capacity. Proposed model seeks to share leadership, oversight and investment decisions across state and local government, proposed as a necessary condition for local councils to relinquish levies. 		

4.1. Delivery of functions

In examining the three options, the different models display unequal capacities to deliver the proposed functions for the statewide arrangement. These functions are needed to address the problems in waste management identified during Part A of the feasibility study, so a gap in function delivery is a risk for the overall scheme.

All of the options are likely to be in a position to deliver on the Strategy and Knowledge Development functions, as there is some demonstrated capacity for state government (Option 1) and local government (Option 2) to deliver in these areas. Option 3 – partnering across state and local government sectors – may be able to draw on the complementary experiences and perspectives of the two sectors in preparing a statewide vision and strategy for waste across Tasmania, and develop an integrated data management framework.

The options exhibit a greater spread in their strengths and weaknesses in delivery Ongoing Operational functions.

- The local government sector (Option 2) has a track record in delivering market development and procurement support functions associated with waste management and resource recovery at both local and regional scales. Through the *Rethink Waste* website, it has also delivered education at a statewide scale, as well as regionally focused programs. On the other hand, councils only have limited capacity to enact regulation (at the local scale) and it cannot be assumed that the EPA can or will directly act on council-led requests for changes in how waste is regulated across the state. And while councils may be able to engage and campaign at a national level, they lack the formal representative role carried by the Tasmanian Minister for Environment.
- Conversely, the state government (Option 1) is well positioned to exercise statewide regulatory measures and to conduct advocacy on the national stage, although it may have more limited experience in market development, education and procurement support. These capacities may need to be developed over time, and the state government may need to partner with the local government sector and regional authorities in the roll out of education and market development programs.
- The strengths and weaknesses of local government and state government in applying the ongoing functions are broadly complementary. If the two layers of government are able to build a harmonious partnership (as in Option 3), then the statewide arrangement will be well positioned to cover these functions at statewide, regional and local scales.

Concerning the Transformation functions, Option 1 carries the advantage that the Tasmanian Government can enact statewide legislative and regulatory measures to enforce large transformations on the waste and resource recovery sector. Landfill levies, bans on sending materials to landfill, and product stewardship regulations are all instances of functions backed by legislation. While large scale infrastructure grants may not directly require legislation, it may be necessary to legislate for landfill levies as a means to generate the scale of capital required to transform the resource recovery infrastructure across the state via public grants programs.

The above suggests that state involvement is necessary for adoption of these Transformation functions, meaning that Option 2 (local government) is geared to have less capability in these areas of activity in the absence of state cooperation. Option 3 (state and council partnership) may have better prospects in delivering Transformation functions than the other options, as it can advise the state government to implement these functions and request councils to support, advocate for and invest in local services that complement these market transformations.

Some examples of synchronising these functions between state and local government within a statewide arrangement include:

- Local councils and regions conducting education and engagement campaigns ahead of and during the implementation of new product stewardship arrangements enacted through legislation (such as container deposit legislation), that strive to provide an accurate, clear and timely representation of official details.
- Coordinating council planning for and procurement of new kerbside organics recovery services in conjunction with capital grants programs directed to organics recovery infrastructure, as a means to de-risk the public investment in new recovery assets.

As stated in Section 2, the delivery of statewide functions is a threshold requirement to test whether each option is viable in delivering the functions needed to deliver on the purpose of the statewide arrangement and achieve benefits across the state. It is determined that:

- Option 1 (state government lead the statewide arrangement) may be able to deliver on the thirteen functions to the extent needed, although may need to build new competencies in market development and sustainable procurement, support for waste and recovery service procurement, and broader resource recovery and waste management education.
- Option 2 (local government sector lead the statewide arrangement) is positioned to deliver Strategy and Knowledge Development functions, given prior experience in these areas at a regional level. It is also well positioned to deliver education, market development and sustainable procurement, and support for waste and resource recovery service procurement. However, it lacks a direct ability to control and direct environmental regulation across the state and enact statewide legislation as a means to deliver larger and more transformative interventions.
- Option 3 (state government and local government collaboration) can draw on the strengths of local government and state government to deliver all of the thirteen statewide waste management functions. Assuming a workable model can be negotiated between the two sectors, it may reflect an augmentation on both options, as it:
 - Allows both layers' of government services and perspectives to drive decisions and deploy resources
 - Calls upon the state's legislative and regulatory powers while directly accessing councils' direct experience of and interface with the community and markets
 - Brings the coordination of local and regional activities together with the planning and implementation of transformational initiatives led by the state, so that service providers and households can anticipate rather than react to larger shifts in how waste and resources are to be managed.

4.2. Core attributes

Regarding the attributes proposed as necessary for the statewide waste management arrangements, each option performed as follows:

- Each of the options is expected to be able to call on processes that provide a level of stability and resilience for the statewide waste management arrangement.
 - In the case of Option 1, where state government leads the arrangement, the installation of a new departmental unit, agency or GBE backed by founding legislation would give a measure of confidence in the arrangement's resilience.
 - The use of a joint authority structure or the appointment of an existing council service body (e.g. LGAT) with membership from across all councils is a means for Option 2 to grant stability and resilience to the statewide arrangement. An appropriate incentive and governance model may be needed to ensure all councils participated on a voluntary basis. A collaboration across regional waste management authorities could also work, although additional measures may be needed to ensure those regional bodies were sufficiently stable and inclusive.
 - While there are fewer 'off the shelf' models for a stable and resilient partnership between state and local government, it is likely that a workable model could be investigated and established as a means to deliver on Option 3. Section 5 proposes an approach to deliver on this.
- With regard to the statewide arrangement's ability to respond to emerging needs, in theory all three options could be designed to rapidly respond to issues in the waste and resource recovery sector. However, when looking at examples of state-led arrangements on the mainland, there is a common criticism that these have been slow to respond to crises such as diminished demand for recycle triggered by changes in Chinese trade policy; and the need to better regulate localised air and dust emissions from recovery facilities. Options 2 and 3 may provide arrangements that are less insulated from community concerns and emerging market risks, and may therefore be better positioned to plan for and deal with arising problems.
- In terms of providing a statewide arrangement that maintains buy in (particularly across the local government sector as essential service deliverers), the three options may have different challenges and opportunities. Buy in is important to ensure that each sector plays its role in delivering a preferred approach to waste management across the state.
 - Option 1, in setting out a state government driven model, may face difficulty in retaining buy in from councils in instances where consultation is lacking and/or when the state has failed to consider councils' implementation challenges.
 - While Option 2 may innately have a process to incorporate council views from the outset (being led by the local government sector), it may fail to retain council buy in if there are inabilities to deliver some functions (see Section 4.1). Further, industry buy in may be at risk if the model unduly focuses on municipal solid waste and/or if the model fails to account for potential conflicts of interest.
 - Option 3 may be more proficient in recognising and balancing out competing needs and interests, by ensuring that its link to councils keep it 'in tune with' local government service delivery needs while maintaining a wider perspective through cross-sectoral governance and oversight arrangements. The intent is for the statewide waste management arrangement to hear and respond to local councils as delivery partners, without being captured by the sector.

- As may be expected, Option 1 and Option 2 reflect opposing strengths and weaknesses in how functions and services may be coordinated across state and local governments. Delivery coordination is an important feature for the statewide arrangement because, for a given priority or challenge, a sequence of reinforcing measures may be needed at local, regional and state scales. Even accounting for having the strategic leadership of the statewide arrangement being assigned to one layer of government or the other, that leading layer will still need to rely on the other layer to do its part.
 - Option 1 is conceived to organise and deliver state led functions seamlessly, although there may be time lags and points of friction in transitioning from state led strategy development to having actual outcomes reliant on local and regional activities and services.
 - Option 2 may involve tight integration between strategy development and contribution of local and regional services and functions to support strategic outcomes, but has poor line of sight and no control over the state government's intent and capacity to deploy functions in the manner and timeframe needed.
 - Option 3, which seeks to meld state government powers with local government waste management and resource recovery service delivery obligations should, in principle, address the delivery gaps above. Assuming the statewide arrangement is adequately resourced and authorised to lead, it should be able to coordinate functions across state and local government such that they are mutually reinforcing and grant confidence that statewide outcomes will be delivered.

Bringing together the above, both Option 1 and Option 2 may be lacking in some of the attributes that might be expected of a statewide waste management arrangement that delivers on Tasmania's needs. Option 3 has the potential to use the strengths of each option to overcome the weaknesses in the attributes of the other. However, because Option 3 involves the need for a bespoke partnership arrangement as opposed to using an 'off the shelf' organisational model, there is a need to explore and refine how this arrangement might work.

4.3. Comparative advantages and disadvantages

Some of the findings regarding the comparative advantages and disadvantages across the three options can only be tenuous at the present point in time.

For example, until a more detailed commitment is made on the statewide waste management arrangement, it is challenging to make sense of how the delivery costs of one option may compare against another. While the summary tables earlier in this section present some general findings on costs and benefits, it would be unrealistic to unequivocally distinguish cost performances and scale of benefits available under one option versus another.¹⁵

Similarly, it is difficult to draw unqualified comparisons in the governance effectiveness of the three options. The Tasmanian Government, for example, issues guidance on best practice governance of GBEs¹⁶ and of the local government sector.¹⁷ Other guidance is issued by the Australian Public Service Commission.¹⁸ In short, there is no innate reason why any one of the three options should be unduly at risk of a governance failing. Nonetheless, governance is dealt with in more detail in Section 5, for the purposes of proposing a suitable framework to ensure that the statewide arrangement is best positioned to deliver on its role, purpose and functions.

On the other hand, there is cause to note differences across the three options in their appropriateness and efficiency of funding approaches. This needs to be looked at in two phases: an earlier phase in which it is presumed that funding may be generated through budget allocations, membership fees and other measures without involving the introduction of new public sector revenue sources; and a later phase, in which it is presumed that some form of additional revenue is needed, most likely to be in the form of a new statewide landfill levy or increase to existing voluntary regional landfill levies.

In the earlier phase, Option 1 is presented as funding the arrangement via a budget allocation while Option 2 is presented as funding via fees that are paid by Tasmanian councils (which may include the transfer of regional landfill levy income to the arrangement). Option 3 is proposed as involving matched funding from across state and local governments. From an efficiency perspective, all three options may be viewed as efficient, with Option 3 having the added benefit of splitting costs among a wider base of potential beneficiaries. The overall efficiency of Option 2 is somewhat indeterminate, owing to the involvement of a landfill levy. Assuming the levy is efficient in its market signal function, then its use as a funding measure does not involve undue public costs that may be absent from the budget allocation process.¹⁹

In the later phase, Option 1 may involve instituting a mandatory statewide landfill levy as a means to generate income to fund the statewide arrangement (among other purposes). Typically across Australia, this involves using landfills as a collection point and, in the case of municipal solid waste, having councils pass on the landfill levy component of their disposal costs to the

¹⁵ This point is notwithstanding other observations elsewhere in the analysis that indirectly infer a difference in benefits between options. For example, differences in capacities to deploy functions (already applied as a basis for comparison in Section 4.1) could lead to differences in the scale of benefits achieved through the statewide arrangement.

¹⁶ See <https://www.treasury.tas.gov.au/government-businesses/corporate-governance-framework>

¹⁷ See http://www.dpac.tas.gov.au/divisions/local_government/good_governance_guide

¹⁸ See <https://www.apsc.gov.au/building-better-governance>

¹⁹ For example, if the landfill levy invited illegal dumping, then its use as a revenue source carries a hidden social cost that may not be present in other funding strategies.

ratepayer via their rates notice. While this may be a somewhat²⁰ efficient process, from the councils' viewpoint, it could be seen as inappropriate for them to bear the financial and political risks of collecting taxes on the state's behalf (which may be perceived as a higher local rates charge) without having a clear influence on how that revenue is then allocated. They may prefer to retain their voluntary regional landfill levies as a means to retain an element of financial independence, even in the knowledge that this would be an inefficient outcome.

In the later phase for Option 2, the need for higher revenues to fund the arrangement could be met by escalating the current regional landfill levies, which are applied on a voluntary basis across the larger landfills in the north and northwest of Tasmania. However, there are some barriers to this as follows:

- The councils may lack the regulatory power and resources to ensure that perverse effects, such as the increased prevalence of illegal dumping, is effectively policed.
- Councils in the south of Tasmania, who do not currently have a landfill levy in place, may opt against introducing higher levies and introduce a point of leakage from the landfill levy regime.
- As the majority of larger landfill capacity is held by councils (either by individual councils or by joint authorities), higher landfill levies may invite or reward anti-competitive responses wherein those landfills choose to internally subsidise their services using other council incomes.

For these reasons, there is likely to be an upper bound to the use of regional landfill levies as a means to fund a statewide waste management arrangement. Theoretically, a council-led arrangement could request that the state government legislate a landfill levy that delivers revenues on the arrangement's behalf, yet it is not clear that this is palatable to the state government in the absence of its direct and potentially unilateral control of allocation decisions.

Option 3 may involve a longer term funding option that overcomes the challenges and weaknesses identified in introducing landfill levies under Option 1 and Option 2. For example, councils may be more willing to discontinue the voluntary regional landfill levies in favour of a mandatory statewide approach that can be set at higher rates, if there is a suitable decision-sharing model in place that precludes re-directing landfill levy revenues to commitments that are unrelated to waste management and resource efficiency. The Tasmanian Government may be more willing to introduce a statewide landfill levy in the knowledge that the responsibility for delivering outcomes is shared with local governments and that, in taking partial accountability for making decisions, councils are not entirely free to criticise the landfill levy model as an aggrieved external party.

The end result is a landfill levy framework and allocation model that is able to be applied efficiently and would be seen as appropriate by state and local governments alike. Depending on a final governance model (see Section 5), measures could be included to secure wider legitimacy via the resource recovery sectors, wider industry's, and the community's acceptance.

²⁰ The administrative efficiency of having councils collect levies on behalf of their waste generating communities may be offset by its effect in aggregating (and therefore diluting) its power as a price signal. That is, individual households do not pay a lower levy if they use generate less waste (in the absence of other means to differentiate volumes generated by individual households).

As a final criterion examined in this evaluation, the options can be compared in light of risks, barriers and opportunities that have not been covered in detail elsewhere in the process. Taking a comparative approach, there are two points that fall under this criterion that warrant attention.

In the first point, Option 3 may involve an additional and heightened opportunity to attract Commonwealth funding to support the arrangement.²¹ This is on the basis that, in having local government and state government entering into a partnership in which responsibilities, funding and benefits are shared, it then becomes a natural extension to test the appetite of the Commonwealth Government to enter into the agreement as a third party with its stake codified through the National Waste Policy and appointment of an Assistant Minister for Waste Reduction. While it is true that either the state government led model (Option 1) or the local government led model (Option 2) could also seek federal support, the case may be less compelling than having local governments and the state form a united position in soliciting this support.

In the second point, Option 3 needs to be acknowledged as carrying some unique implementation barriers or risks that stem from the need for local and state government layers to negotiate on, agree to and formally enact a functioning partnership to deliver better waste management outcomes. It is proposed that, if it is agreed to implement Option 3, it makes sense for the two government layers to commence working together as soon as possible to build a common solution to waste and resource management in Tasmania.

However, this challenge also represents a unique opportunity: other states on the mainland still display points of friction between state and local government in how waste is to be managed, despite (in some cases) having a statewide waste management arrangement in place for more than a decade.²² These frictions may inadvertently suggest that it is easier to attempt to reconcile and unify state and local processes in waste management from the outset, rather than attempting to retrofit a more harmonious working model after governance, funding and institutional settings have been locked in. Similarly, Tasmania's smaller scale (i.e. smaller population size and geography, and more modest organisational scales) may support a partnership model through having shorter institutional 'distances' between the two layers of government.

²¹ At the 8th Meeting of Environmental Ministers, Ministers agreed to urgently develop a strong, national action plan that includes funding, targets, and milestones to implement the 2018 National Waste Policy. This plan is to be developed by their next meeting. See Agreed Statement, available from: <https://www.environment.gov.au/about-us/mem>

²² It should not be interpreted that the mainland approach in which the state government delivery model predominates (i.e. akin to Option 1 here) is the 'natural order' for setting up a statewide waste management arrangement. Rather, the common use of the state government delivery model on the mainland may reflect histories in which mainland councils within each state were less united and proactive in advocating for a statewide solution at the time of its implementation, compared to the present case in Tasmania wherein councils have been leaders both in action and discourse.

4.4. Recommended delivery option

From the above discussions and summary tables at the beginning of this section, it is recommended that Option 3 be accepted as the preferred model for implementing a statewide waste management arrangement. This is perhaps unsurprising given that it provides the opportunity to apply the strengths of the state government in leading areas where the local government faces limitations and challenges, and vice versa.

Reinforcing this finding, it is clear that having the local government sector lead by itself (Option 2) would be entirely insufficient as a vehicle to deliver on large scale transformations such as introducing a container deposit scheme (as announced by the state government) backed by regulation; or legislating a mandatory landfill levy across the state (as foreshadowed to occur by 2021 in the draft Waste Action Plan).

The benefit of Option 3 goes beyond the simple ability to call upon the stronger performing or better positioned layer of government where it is needed, and presents a synchronised, unified model for shaping and delivering a preferred pathway for waste management, resource recovery, and the adoption of the circular economy in Tasmania. The benefits of this approach are multi-fold and include:

1. Greater connectivity between vision-setting, strategic planning, and delivery of individual functions, cascading from state to regional to local spheres of responsibility and opportunity
2. The potential for a singular model for data collection, information management and knowledge sharing across stakeholders, allowing for a common evidence base to drive decisions and evaluate performance across multiple scales and delivery areas
3. The capacity to share and direct a wider range of resources and spread delivery costs across multiple partners, consistent with the widespread distribution of benefits
4. Decision making, planning and approval structures that lean towards inclusiveness, ensuring those that bear risks and see opportunities can vocalise their positions and drive decisions
5. Being able to project a more united stance in national processes and in engaging with non-government and industry stakeholders.

Further to the above and relating to point 4, the local government sector may have a strong consensus view that all revenues associated with introducing a statewide landfill levy (pending decisions on this matter) should be re-deployed to support waste management, resource recovery and circular economy commitments. We contend that Option 3 provides the best means for the local government sector to have this position incorporated into related legislation and revenue allocation procedures.

Ideally, governance over these procedures would directly involve ongoing local government representation in return for winding back the voluntary regional landfill levies. Even in the case that landfill levy revenues are fully utilised as described above, there are a range of 'second order' financial decisions that state and local government representatives would need to resolve (and potentially revisit in response to emerging needs and accumulated experience).²³

²³ For example, active determinations may need to be taken on the full scope of legitimate uses of landfill levy monies, including whether resource efficiency activities could be funded from the levies (and what types of activities fit this category); and the means (if any) through which administration costs associated with managing the levies should be recuperated from levy revenues.

Recommendation: That LGAT accept a formal shared collaboration structure, co-owned by and accountable to state and local government, as the preferred option to deliver the statewide waste management arrangement.

That LGAT additionally note the benefits of this model as set out in the Part B report, pending the application of suitable governance and funding measures.

While the above benefits are evident through the preceding analysis, it is also clear that their emergence rests upon the establishment of a state and local partnership model that carries the right attributes and has the ability to acquit functions as set out in Section 2 of this report. This may rely on governance structures and implementation paths that do not currently exist in Tasmania in an 'off the shelf' format.

It therefore becomes necessary to test whether such structures and paths are workable in Tasmania. This process commences in Section 5, with the expressly-stated understanding that the collaboration journey ultimately needs to introduce new insights along the way, to inform how a final partnership should work. That is, the measures explored and recommended in Section 5 are a starting point from which to build negotiations and launch further inquiries and refinements.

5. Detailed solution

The preferred solution formally partners local government and state government in leading a statewide arrangement (see Figure 7 below, reprinted from Section 3).

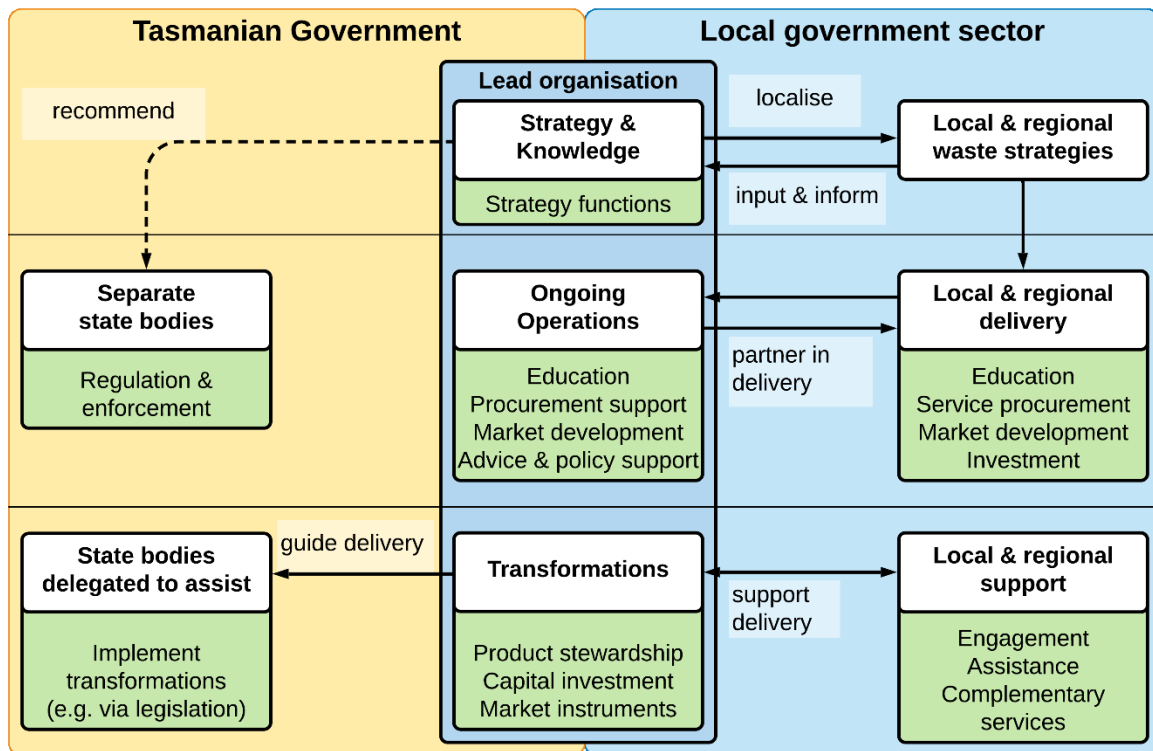


Figure 7: Statewide waste management arrangement, main components of the recommended delivery solution.

Building on the description provided in preceding sections (principally section 3.3) and the Appendix, the focus here is on providing:

- More detailed design, with attention to governance and funding aspects of the proposed partnership model (Section 5.1)
- An implementation pathway to begin progressing a partnership arrangement (Section 5.2).

5.1. Solution design

Governance

Focusing on the governance arrangements that enact and enable an effective statewide waste management arrangement is particularly important given that the recommended solution is a partnership between the state and local governments, with ambition to leverage Commonwealth Government interest and investment. At the operational level (i.e. in carrying out its functions), the arrangement's interactions with public (i.e. local government owned) and private waste service providers, and other interested stakeholders (including NGOs) will all need to be managed to ensure appropriately impartial decision making and accountability.

To construct a more detailed illustration of governance arrangements, the lead organisation (at the centre of Figure 7 above) has been recast in Figure 8 (below) to highlight the connection to a number of existing and nominated governance mechanisms that might be phased in over time. These mechanisms are further explained in the following sections.

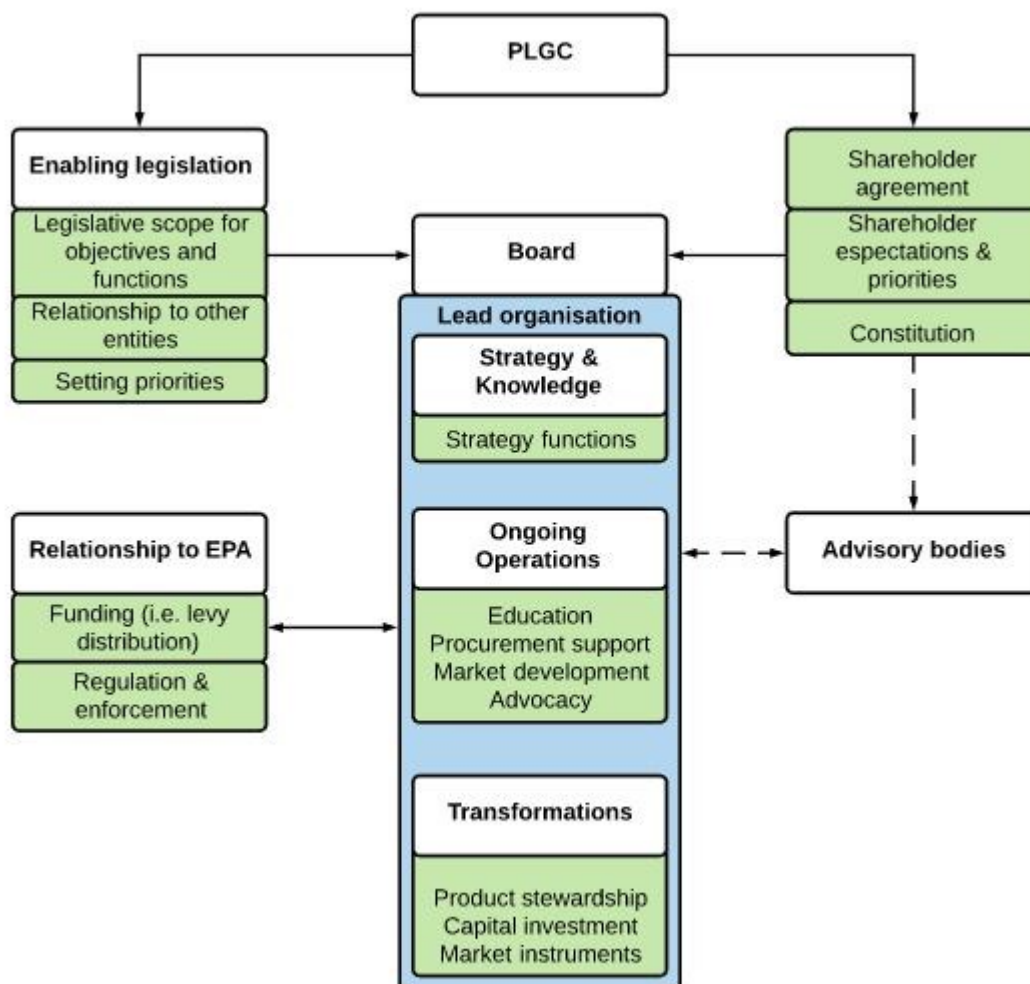


Figure 8: Evolving governance features for a lead statewide arrangement organisation.

1. Premier's Local Government Council

The PLGC provides a foremost governance mechanism relating to the primary partners of the arrangement, i.e. the Tasmanian Government and local government sectors.

The PLGC is an existing oversight body providing a high-level forum for discussions between the Tasmanian Government and local government on issues of statewide significance. The PLGC comprises the Premier as chair of the Council, the Minister for Local Government, the President of the Local Government Association of Tasmania (LGAT) and seven elected local government representatives from various Tasmanian councils. A potential governance role for the PLGC is further laid out in Section 5.2 (below) in outlining an initial implementation pathway.

In the spirit of ongoing partnership, it is suggested that the PLGC would have an ongoing oversight role in steering²⁴ the evolution of the statewide arrangement (specifically as associated with governance and funding components) over time.

2. Governance under the Commonwealth Government *Corporations Act 2001*

The establishment of the lead organisation for the arrangement as a Special Purpose Vehicle (SPV), under the Commonwealth *Corporations Act 2001*, enables the use of an established set of governance protocols and conventions.

In essence, corporate governance can be viewed as the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and auditors, and satisfy themselves that a suitable governance structure is in place. Given the SPV is envisaged as a jointly owned entity of state and local governments, the shareholders are these two levels of government.

Shareholder agreement – A shareholders agreement is a binding contract between the shareholders of a company. It governs the relationship between the shareholders and specifies who controls the company, how the company will be owned and managed, how shareholders' rights may be protected, and how shareholders can exit the company. The simplest starting point for the SPV is to have two key shareholders in the state government and LGAT. Alternatively, LGAT may choose to distribute shares to all 29 councils, and act as a management agent for those shareholder interests.

Shareholder statements of expectation – The shareholders are able to establish statements of expectation which could provide direction to the Board of the SPV around strategic priorities and decision making principles (for instance). The expectations should align with the objectives and functions of the SPV while being within the Board's sphere of influence.

Board structure and membership – The number of Board directors and their appointment is usually the responsibility of the shareholders (potentially enabled via the PLGC). A skills-based board of five directors may be a useful model for consideration.

Company (SPV) constitution – The constitution of the SPV provides the opportunity to codify its functions and related objectives. Status as a not-for-profit entity (or similar) and associated detail regarding limits on operation would also be enshrined. The ability for the SPV to undertake waste related services, own land and/or operate waste facilities should be avoided at the outset.

²⁴ A specifically formed steering committee may be a preferred option of the partners (state and local government) with PLGC members appointed to the steering committee.

Advisory bodies – The role and function of advisory groups should be considered. Existing waste and resource recovery service providers (public and privately owned) may seek to provide direct input to the SPV. Alternatively, NGOs and other stakeholders may seek to provide input on various occasional matters. The constitution or guidelines for the Board will need to assist navigation of potential conflicts to decision making and ability of Directors to fulfil their duties.

3. Governance direction via state legislation

It is probable that a governance structure for the SPV will need to be strengthened via state legislation. A legislative component helps ensure that the arrangement adheres to an overriding purpose and retains legally prescribed procedures (that cannot then be revised through purely internal measures), while also assigning the arrangement a unique and binding role and position in relation to waste management direction setting and delivery.

Some options are suggested here for further consideration through the implementation development phase (see Section 5.2).

Enabling legislation – As indicated by Figure 8 (above), The PLGC could encourage development of specific legislation to provide statutory directions to codify a range of matters from the SPV's roles and responsibilities; objectives; functions; Board governance; relationships to other entities (i.e. EPA and/or councils); relationship to sections of the *Corporations Act*; etc. While TasWater is a different type of entity (given its delivery of a regulated service through the operation of its assets), the *Water and Sewerage Act 2012* does provide a useful and existing example to reference from within Tasmanian legislation.

Relationship to EPA – An expanded role for the EPA in waste regulation and enforcement is envisaged via the statewide arrangement, including increased resourcing. There are governance considerations around:

- How the EPA and the SPV would formally engage with each other in support of implementation of state arrangement functions, i.e. EPA endorsement of statewide landfill plans or schedules
- How any landfill levy (or similar), if introduced, might be collected and its revenues allocated to the EPA, SPV and/or other entities, and the terms and protocols that may govern this allocation.

Modifications to the *Environmental Management and Pollution Control Act 1994* could clarify these and related matters that aim to define the working relationship (and roles and responsibilities) between the EPA and the SPV.

Further considerations in navigating an effective governance framework

The scope of engagement and analysis within Part B provides an opportunity to investigate initial and important considerations for navigating an effective governance framework for the statewide arrangement. A small number are re-iterated here, with further stakeholder engagement proposed during the implementation phase (see Section 5.2) to better ensure adequate coverage through interim and final governance settings.

Asset ownership – By nature of the functions defined to date, it is preferable if the statewide arrangement body (SPV) does not conduct waste services or own and operate waste-related assets as this inherently introduces a conflict with its primary role to transform and influence the market through which such services are delivered and assets are invested within.²⁵ In contrast, local governments and related entities (i.e. joint authorities) own extensive waste related assets across the state. The arrangement will need to be empowered to enable the strategic planning for and procurement of services on behalf of stakeholders, being adequately informed of rather than influenced by existing and future service providers (public and/or private).

Adequate representation of the local government sector – The statewide arrangement is conceived as being led and coordinated by a body co-owned by and representing the positions of state and local government layers. As the local government sector currently comprises 29 councils, there is a need to ensure the governance framework provides an adequate level of connection to and input from each shareholder council without unduly compromising decision making efficiency, effectiveness and timeliness. While some of the measures set out in point 2 (Governance under the Commonwealth Government *Corporations Act 2001*, above) could be formulated and adopted to assist in this need, additional measures may be warranted.²⁶

Concentration and distribution of funds – Provision of funding (investment) for 'better' services has been a core theme throughout the project. In the event the entity collects and/or holds funds for distribution to stakeholders to enact improvements, transparent reporting for shareholders and stakeholders is crucial. Potential sources of funding are discussed below.

Effective balance between waste reduction and resource recovery – The balance of effort and associated resources needs ongoing attention, and is presumed to carry a degree of flexibility and responsiveness as issues and challenges rise and fall. The proponents for waste reduction, waste avoidance, and more sustainable consumption are seldom the strongest voices when compared to resource recovery and waste disposal actors, who have a more concentrated interest and history of inputting into policy processes and the design of interventions. The pursuit of a Circular Economy deal for Tasmania could be helpful in ensuring strong strategic prioritisation and stakeholder representation in support of waste reduction from the outset.

²⁵ The alternative model, in which the statewide arrangement entity effectively takes over waste management and resource recovery services across the state (as is the case for water services delivered by TasWater), is understood to be outside the interests and contemplations of stakeholders.

²⁶ For illustration, governance for TasWater includes the formation of an Owners Representative Group, with powers and responsibilities set out in its Charter and member expectations set out in its Code of Conduct. Among other roles, this group directly participates in Board appointment decisions.

Funding for delivery at scale

Part A of this study established that funding allocations in other jurisdictions, adjusted to Tasmanian tonnages to landfill, approximately equate to investing between \$6.4 and \$21 million in a Tasmanian statewide waste arrangement each year.

Current investment in regional activities by the local government sector is of the order of \$1.1 million per annum, potentially affected by landfill volumes, voluntary levy rates and membership fees associated with the delivery of regional waste management services and functions.

It is posited that having an established statewide arrangement with an operating annual budget of \$5 million provides a useful floor price. However, the range in adjusted funding levels (across other mainland jurisdictions) would suggest the actual funding requirement can only really be established through undertaking further work (see Section 5.2).

The establishment of an arrangement jointly owned by state and local governments provides an important investment opportunity. In establishing a co-owned SPV to drive a Circular Economy agenda, the partners have the potential to position Tasmania as a sound public investment option for the Commonwealth Government in seeking to realise the national waste reduction and circular economy agenda (as set out in the 2018 National Waste Policy).

Recent 'City Deals' established with the Commonwealth Government have demonstrated strategic partnerships between state and local government can deliver significant investment (valued in the order of \$100's of millions) into Tasmania to meet priority needs. Establishing an SPV creates a vehicle for the Commonwealth to directly invest in waste reduction and circular economy priorities. It should position the state and local government to seek a multi-year commitment of Commonwealth Government funding into a work plan and priorities which deliver on the National Waste Policy and a Circular Economy deal for Tasmania. The SPV structure can be used to leverage Commonwealth commitments and resourcing to pursue more sustainable outcomes through co-sponsored procurement of infrastructure and building projects, consistent with the Commonwealth's record in supporting and stimulating the Tasmanian economy.

Particular regions of the state may view direct engagement with the Commonwealth Government as a preferred approach to securing federal investment. Notwithstanding the existence of those opportunities, an approach with the Tasmanian Government to leverage Commonwealth Government funding should provide the best opportunity to progress the case for landfill levies (or similar), fund the statewide implementation, and ensure transparency in the re-investment of funds to the state arrangement (potentially spanning the EPA, SPV and others with a defined role and contribution to waste management, resource recovery and circular economy outcomes).

5.2. Implementation pathway

Context and drivers for establishing an implementation arrangement

Moving from current arrangements to a preferred statewide arrangement (see Section 5.1 above) will take some time to enable coordination between partners; to gain commitment to sustainable funding arrangements; and to complete institutional establishment processes. Engagement with stakeholders suggests the appetite to progress toward a statewide arrangement as soon as possible. This section sets out a potential means to enact that progression, that is, to implement the arrangement.

To commence, the following assumptions are made around the merits and details of an implementation arrangement, namely:

1. Consistent with the recommendation to adopt Option 3 (see Section 4), the local government sector will want to engage the state government as a partner and co-investor in developing an agreed statewide arrangement. Therefore state and local government need a practical and viable implementation arrangement to co-invest in.
2. Allowing for funding consideration, joint negotiation, and budget allocations, work can potentially commence under an agreed implementation arrangement from 1 July 2020.
3. Both the negotiation process and joint implementation arrangement is best positioned in partnership with a central agency (i.e. Department of Premier and Cabinet) rather than the environment portfolio (which may have more narrowly defined interests and remits).
4. The implementation arrangement should seek to leverage and build on existing arrangements and partnerships between the state and local government. Utilising mechanisms that attend to sector policy and operational issues, and enable coordinated approaches to engaging with the federal government.
5. The work program for the implementation arrangement should progress on two fronts:
 - a. Delivering on priority state activities that complement regional and local work program priorities from day one
 - b. Establishment and formalisation of the preferred ongoing arrangement, including secured funding partnerships and allocations.

Implementing through a state-local government compact arrangement

Under a 'compact' implementation arrangement, a primary partnership is formed between the two lead and coordinating sector organisations, proposed here as DPAC and LGAT. These organisations are the logical partners given:

- 1) DPAC incorporates the Division of Local Government (established to support strong collaboration between the state and local government) and Policy Division (coordinating policy across state government and leading interactions with the Commonwealth)
- 2) LGAT is the peak body organisation for the local government sector
- 3) The Premier's Local Government Council (PLGC) already exists, bringing together the sectors' leading elected representatives with support from executive officers.

Final make-up of partner organisations will need to be worked through in moving toward establishment. The recent release of the draft Waste Action Plan proposed a number of initiatives and actions which could benefit from implementation through a state-local government compact arrangement²⁷ (discussed further in section 5.3 and Appendix 2). Establishing a centralised, efficient and integrated arrangement may avoid duplication of effort when working through implementation of priority initiatives.

Under this compact arrangement, a key focus is on securing and appointing internal resources (current and additional) within existing organisations to act as an implementation network. The implementation network is accountable for delivering on a work plan agreed by and overseen by the PLGC. The PLGC, in turn, provides the governance mechanism to act on issues and impediments that may arise which are outside the control of the implementation network.

²⁷ Further clarity on the role of DPIPWE (EPA Tasmania) in enabling legislation for the proposed waste levy (if carried through to the final Waste Action Plan) may see the addition of DPIPWE (EPA Tasmania) as an additional partner organisation through the 'compact' model.

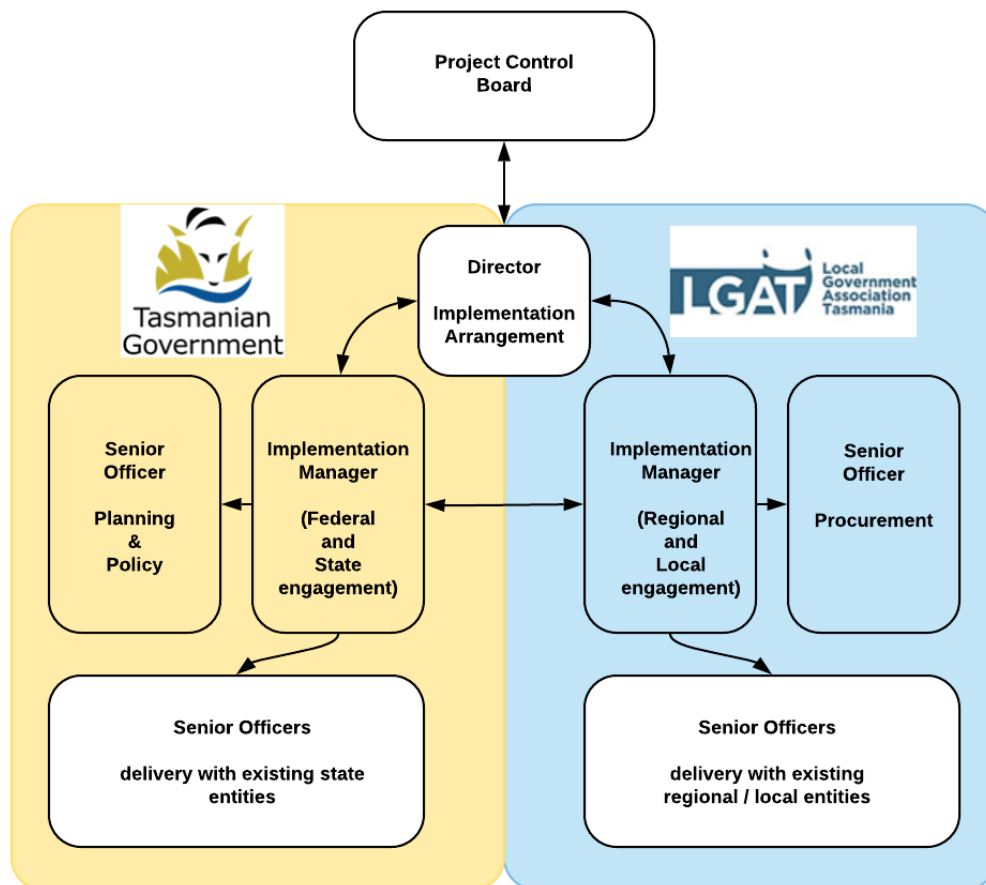


Figure 9: Implementation arrangement.

As illustrated in Figure 9 (above), the compact arrangement centres on the implementation of joint priorities (as agreed by LGAT and DPAC / other partner organisations), using existing organisations and mechanisms.

Rather than focusing on creation of a new entity from the outset, i.e. a new and distinct corporate identity, this suggested implementation arrangement builds on the partnerships that already exist between DPAC and LGAT; their central position; and their ability to drive implementation and change. A partnership or compact model pursued by DPAC and LGAT should also maximise leverage of other state, regional and local entities in supporting its key activities.

Figure 9 illustrates the potential scope of officers involved during the initial establishment phase. It is suggested that three full time equivalent officers (Director and two implementation managers) would be a minimum initial staff requirement to initiate implementation. Depending on the partners' appetite and allocation of resources (discussed further below), additional officer support, either within existing regional bodies or state entities, may be secured on an as-needs basis in line with the agreed work plan.

The network of officers operates as one team deployed through the two key partners, DPAC and LGAT. In this model, DPAC and LGAT are each co-investors into an agreed implementation plan (effectively committing a minimum of two years of agreed funding), with options to review the arrangement on the basis of performance and further specification of needs.

The equal co-investment from local government and state government is focused on covering both core staff and minimum operating budget to implement the program of works established under the two year implementation plan. The Implementation Director and Managers are incentivised to work together via a funding strategy to pursue additional investment from:

- Commonwealth government
- Other state and local government partners
- Industry / business partners

In setting out an agreed work plan, it is critical to set out an achievable path to institute more formal ongoing arrangements (as explored in Section 5.1) while showing that the collaboration model has a capacity to deliver tangible and measurable outcomes (in effect, an immediate return on investment) through the direct deployment of functions and activities.

Relationships, governance and accountability frameworks

A key strength of the proposed 'compact' implementation arrangement is that there currently exists a partnership mechanism between the sectors which could be modified and strengthened to drive strong governance and accountability for the implementation phase.

The Premier's Local Government Council (PLGC)²⁸ represents a pre-existing and effective oversight body between the sectors, empowered through its inclusion of the Premier and Local Government Minister. The terms of the PLGC are established via protocol agreement. The PLGC currently meets three times per year and could be positioned to play a Project Control Board role (see Figure 9) throughout the transitional implementation period.

If necessary, amendment to the protocol agreement could bring a specific focus to describing a state waste arrangement compact between the state and local government. For the purpose of greater transparency and accountability to complete the work program, key deliverables, budgets and roles and responsibilities could all be outlined within a revised protocol. A working group should be established with responsibility to drive delivery with the PLGC, and to support oversight processes via implementation updates at every meeting (i.e. three times per year).

The opportunity (as already established in the current protocol agreement) exists to invite federal counterparts (i.e. Assistant Minister for Waste Reduction) and other State Ministers (Environment Minister) to report on areas of overlapping interest, opportunity and/or responsibility through the PLGC. This could be a means to build on existing processes to fuel commitment to establishing the statewide arrangement, and lock in a Commonwealth Government investment into a Circular Economy deal (see Section 5.1).

²⁸ See http://www.dpac.tas.gov.au/divisions/local_government/plgc

Implementation arrangement funding

Subject to development of an agreed work plan, and minimum staff (estimated at three full time equivalent officers), the estimated preliminary budget for the implementation arrangement is \$0.85 million per annum. A two year minimum co-investment period is suggested, along with a 50:50 split between staff and operating costs.

As noted previously, an agreed work program for the implementation arrangement should progress:

- a. Priority state activities (complementing regional / local work program priorities) from day one
- b. Establishment and formalisation of the preferred arrangement, including secured funding partnerships and allocation procedures.

The allocation of funding to implement statewide activities to complement regional / local program priorities would help to deliver a near-term return on local government sector investment. Adequate operational funding and regional engagement are seen as important to ensure that a select number of complementary regional and local initiatives (already in planning and/or implementation phases) can be leveraged through the arrangement from the outset.

The work plan should also expressly focus on building the business case and target engagement with state government and the federal government for a longer term, stable investment into a Circular Economy partnership arrangement for Tasmania. As noted in Section 5.1 (above), the opportunity to seek significant investment from the Commonwealth Government into a Circular Economy arrangement should be pursued. The work plan should set out the key activities to enable success in this important area.

In addition, the work plan and longer term funding strategy for the arrangement should enable formal consideration of pricing mechanisms and support for introduction of such mechanisms for re-investment of funds through the SPV (or similar). State government support for the introduction of a landfill levy (or similar) will need to be considered in concert with or separate to any federal government investment, as relevant. Further, although the enactment of such pricing mechanisms may ultimately rely on state government legislation, governance and decision making on design details and investment decisions need to reflect the stakes shared between local and state government investment partners.

Recommendation: That LGAT pursue a co-investment funding model (involving state and local government) to enable the implementation arrangement from 1 July 2020 for a period of two years.

Co-investment will enable, via an agreed workplan, progress towards formation of the preferred ongoing arrangement (see Section 4, pending reaffirmed commitment to Option 3), and establishment of statewide functions and activities to complement regional and local actions directed towards existing priorities in waste, resource recovery and the circular economy.

5.3. Draft implementation work plan

Overview

Table 4 (overleaf) provides a high-level draft work plan, nominating key components to work through and finalise to build the preferred statewide partnership arrangement and enable implementation of statewide actions. Noting the release of a draft Waste Action Plan, the draft work plan seeks to interlink efforts to establish the preferred statewide arrangement with the finalisation of the Waste Action Plan (which can then be implemented as core business of the preferred statewide arrangement). Alignments between the preferred arrangement and the draft Waste Action Plan are explored further in Appendix 2.

In establishing the draft work plan, the following considerations and assumptions were used:

- The draft Waste Action Plan is currently out for public consultation until 7 October 2019, nominating this study to outline governance options for state consideration.
- It is assumed that following consultation, a final Waste Action Plan will be released (during this current financial year) with any substantial implementation funding more likely to follow from 2020 onwards.
- While there has been no indication to date, regarding state funding committed to implementation prior to July 2020, there remains a possibility to act on some formative priorities and foundational pieces of work that may benefit from state and local government sector joint ownership, involvement, and investment.
- The recommendations and draft work plan within this final report will be considered through to September and October 2019. If supported, the consideration of sector investment into formative activities and foundational pieces can occur in parallel.
- LGAT and existing regions may see merit in co-investing in foundational and priority pieces over the next nine months rather than wait until a 1 July 2020 start date.
- The decision to move earlier on certain foundational pieces will depend on a few factors, including whether local and state government representatives can:
 - Agree to and position initial priorities in the context of a broader work plan
 - Allocate some resourcing from current budgets (i.e. this financial year)
 - Establish a legitimate and workable interim governance arrangement.
- Rather than wait until 1 July 2020 to start implementing under a fully formed implementation arrangement there may be merit in capitalising on some of the momentum established through LGAT and EPA co-sponsoring the current project and recent announcements of the state government in releasing the draft Waste Action Plan.

The draft work plan (Table 4) is structured as a starting point to enable discussion and agreement within and between partnering sectors toward implementation. In the event local and state government co-invest in an implementation arrangement, the work plan may help to focus efforts on common areas of activity. In the event a partnership takes some months to formalise, an initial set of implementation activities could occur in parallel to ensure momentum continues to build, following the release of the draft Waste Action Plan and the outcomes of this study.

Table 4: Draft implementation work plan.

High-level activity	Key tasks	Dependencies
Component 1: Governance		
1.1: Governance to deliver shared priorities within 2020FY	<ul style="list-style-type: none"> Establish state-local government compact arrangement via primary partnership between DPAC and LGAT. Establish and present shared priorities, budget allocations and implementation and reporting responsibilities to PLGC (or other interim governance arrangement) for endorsement. 	1.2 – 1.5 2.1 3.1 4.1
1.2: Implementation pathway governance for 2021FY	<ul style="list-style-type: none"> Amend PLGC protocol to enable oversight of state-local government compact for 2021FY, and oversight of formative work for the ongoing statewide partnership arrangement. Incorporate 12 to 24 month work program, key deliverables, budgets and roles and responsibilities to revised protocol. Establish working group to drive delivery with the PLGC, and to support oversight processes via implementation updates at every meeting (i.e. three times per year). Establish Director, Implementation Arrangement position description and fill position for 1 July 2020 start. Establish other network positions and fill for 1 July 2020 start. 	1.1, 1.3 – 1.5 2.2 3.1, 3.2 4.1, 4.2
1.3: Formation of ongoing statewide partnership arrangement governance	<ul style="list-style-type: none"> Re-visit and confirm PLGC oversight role (or alternative entity) in formation and operation of ongoing statewide partnership arrangement. Finalise functional purpose, objectives, and functional scope of statewide partnership arrangement, the role of the SPV, and relationship to other entities (EPA, regional bodies etc.). Develop draft shareholder agreement for SPV. Include nomination of all shareholders and their nominal share holdings. Develop draft constitution of SPV. Consider and confirm SPV Board structure and membership. 	1.1, 1.2, 1.4, 1.5 2.2, 2.3 3.3 4.2

High-level activity	Key tasks	Dependencies
	<ul style="list-style-type: none"> Consider and confirm function and membership and relationship of Advisory Bodies (if any) to the Board of the SPV. Review and update (as necessary) legislation enabling regulatory role of EPA in performing key functions of statewide waste arrangement and responsibilities to other entities i.e. SPV. Draft shareholder statement of expectations to provide direction to the Board of the SPV around strategic priorities and decision making principles. Deliver legislative drafting instructions for specific legislation to providing statutory direction on a range of matters which may include the SPV's roles and responsibilities; objectives; functions; Board governance; relationships to other entities (i.e. EPA and/or councils); relationship to sections of the <i>Corporations Act</i>. 	
1.4 Partner and stakeholder engagement	<ul style="list-style-type: none"> Map stakeholders by component area. Establish stakeholder engagement plan to enable implementation of each component area of the work plan. Implement engagement activity seeking efficiencies given dependencies and linkages between components. 	All
1.5: Monitoring and reporting	<ul style="list-style-type: none"> Establish monitoring and evaluation framework. Conduct monitoring and evaluation to track progress against shared objectives and priorities (potentially established under the Waste Action Plan). 	All

Component 2: Funding		
2.1: Interim funding to deliver shared priorities in 2020FY	<ul style="list-style-type: none"> • DPAC and LGAT consider funding envelope for shared priorities in 2020FY. Establish funding MoU to enable interim funding arrangement, endorsed via PLGC or similar. • Investigate landfill levy application and mechanisms in mainland jurisdictions to inform engagement/involvement of stakeholders in proposed levy development. • Draft funding strategy for implementation pathway, statewide arrangement, and work program for endorsement of local and state government stakeholders and engagement with Commonwealth Government. 	1.1, 1.4, 1.5 3.1 4.1, 4.2
2.2: Implementation pathway funding for 2021FY	<ul style="list-style-type: none"> • Establish associated operational and officer resourcing needs for 2021FY implementation of shared action plan priorities. • Develop waste levy (legislative and administrative) mechanisms confirming roles and responsibilities across state, local government and industry. • Conduct regulatory impact analysis or similar to support levy introduction (quantum, rate of increase over time etc). • Re-visit and implement funding strategy of local and state government to pursue Circular Economy Deal with Australian Government aligned to a key set of focus areas, actions and industry stakeholders and partners. • Position and enable SPV as entity to receive, distribute and report on funding allocations to priority programs and activities. 	1.2, 1.4, 1.5 3.1, 3.2 4.1, 4.2
2.3: Establish ongoing statewide partnership arrangement funding	<ul style="list-style-type: none"> • Confirm and apply core allocation to statewide partnership arrangement from landfill levy (and other contributions) in line with funding strategy. • Confirm contribution of funding from Circular Economy Deal via SPV (statewide arrangement) for set number of years and associated reporting requirements. • Establish ongoing process to review core allocation. • Confirm and apply program allocations to meet work program priorities of the state (to be distributed via the arrangement and key partners). • Establish ongoing process to establish and confirm forward program allocations (3 to 4 years). 	1.3 – 1.5 3.3 4.2

Component 3: Building functional capacity to deliver on statewide focus areas and agreed work plan		
3.1 Involvement of independent partnership facilitator / consulting expertise	<ul style="list-style-type: none"> Assess capacity of existing local and state government officers to deliver foundational pieces of agreed work plan and facilitation of partnership. Investigate benefits of partnership facilitation and/or initial delivery of some foundation pieces via an independent specialist. Establish scope of works for engagement of contractors / consultant specialists. Assign project manager/s and conduct process for appointment. Scope position descriptions of implementation officer network. Schedule and conduct recruitment process for implementation officer network positions (following funding announcement) and to enable 1 July 2021 start. 	1.1, 1.4, 1.5 2.1 4.1
3.2 Implementation officer network	<ul style="list-style-type: none"> Implement final 2021FY work plan Report to PLGC on outputs and outcomes against work plan priorities Engage with regional bodies, local government and industry representatives (as appropriate) to enable support for statewide arrangement (form / function). Engage with state entities to enable support for statewide arrangement (form / function) Engage with key stakeholders to deliver on agreed focus areas and actions of final Waste Action Plan in 2021. Improve alignment with relevant regional plans and activities. 	1.2, 1.4, 1.5 2.2 4.1, 4.2
3.3 Establish core statewide arrangement capacity and capability	<ul style="list-style-type: none"> Conduct price review for core objectives and functions of the statewide arrangement to establish baseline funding for the arrangement. Establish SPV as a functioning corporate entity – headquarters (hosting arrangement), staffing, operations etc. Review regional roles and responsibilities and core baseline funding to be provided to support associated roles and responsibilities. Establish process to review capacity and capability in line with changes to Circular Economy / Waste Management priorities. 	1.3 – 1.5 2.2, 2.3 4.1, 4.2

Component 4: Implementation of agreed focus areas and actions of final Waste Action Plan via statewide arrangement		
<p>The release of a <i>draft</i> Waste Action Plan and potential alignment and convergence with the preferred statewide arrangement is discussed in Appendix 2. It would be pre-emptive to proceed further in attempting to outline a work program around implementation of focus areas and actions of a <i>final</i> Waste Action Plan via the statewide arrangement at this stage. High-level process steps are instead outlined to illustrate the scope for strong alignment and convergence of the two processes.</p>		
4.1 Finalise input to and completion of Waste Action Plan	<ul style="list-style-type: none"> Assess and agree shared priorities for state and local government sector with respect to delivery of focus areas and actions of the draft Waste Action Plan via the preferred statewide arrangement. Update draft focus areas and actions to achieve stronger alignment and convergence between the Waste Action Plan and delivery via the preferred statewide arrangement. Confirm importance and scope of delivery role of the preferred statewide arrangement for implementation of the Waste Action Plan, including relationships to other parties that bear delivery responsibilities. 	1.1
4.2 Establish implementation work plan for final Waste Action Plan	<ul style="list-style-type: none"> Align final Waste Action Plan focus areas and actions to functions (roles) of the statewide arrangement. A set of functions may be combined to deliver on particular actions. Establish work programs of the statewide arrangement aligned to delivery of focus areas and actions assigned under the final Waste Action Plan. Engage with key delivery partners and key stakeholders as to complementary roles in implementation. Confirm complementary roles of other organisations in delivery (i.e. regional organisations, other), and formalise through governance frameworks. 	All

Appendix 1 – Detailed options for a statewide arrangement

In this appendix, three different models for delivering the arrangement are put forward and described to a level of detail that supports the analysis process (set out in the main report, Section 4). Their descriptions are not intended to carry sufficient detail to enable direct implementation of a preferred arrangement, yet can function as starting points to flesh out via later planning and engagement stages, if this is needed.

Option 1 – Tasmanian Government as strategic lead

Overview

This option involves the Tasmanian Government taking solitary lead of the statewide waste management arrangement. This echoes the approach adopted in mainland states. Other sectors, including local government, regional authorities and private industries, would have a role in inputting to strategic functions and processes across vision setting; infrastructure planning and scheduling; and the development and oversight of individual strategies. However, decision making and authorisations are ultimately internal to the Tasmanian Government.

Data gathering and dissemination would occur using a series of networks across relevant sectors that have capacities, responsibilities and roles associated with data collection and collation, which may be supported or incentivised through statewide measures. Data management and custodianship would be centralised through the Tasmanian Government.

In practice, the Tasmanian Government would have a number of options for a lead entity:

- A. Newly established lead agency, with a role set through legislative amendment or via foundation legislation
- B. Department delegated to take on the role through ministerial direction
- C. Establishment of a Government Business Enterprise (GBE) through the *Government Business Enterprises Act 1995*, owned by the Treasurer and Portfolio Minister
- D. Expanded role and functions of the Tasmanian EPA, enabled through amendment to the *Environmental Management and Pollution Control Act 1994*.

Interactions across functions

In the interests of streamlining, it may be suitable for most other functions of the statewide arrangement to be delivered across Tasmania through the same entity that leads on strategy, unless there exists a body or agency that carries specialised capabilities and/or heads of power.

For example, irrespective of the enabling mechanism and strategic lead for the statewide arrangement, environmental regulation remains within the EPA's legislated functions and so this authority would need to lead on regulatory enforcement and related activities. Other functions could sit with the lead body such as a specialist agency, department or government business.

In the case where the EPA itself is the lead entity for the statewide arrangement (see D above), additional ring fencing between regulation and other functions is warranted to avoid conflicts of interest and role ambiguity. This is potentially of greatest concern for procurement support and infrastructure funding functions, where impartial and consistent regulation needs to remain at arm's length from funding and procurement decisions.

The 'EPA as strategic lead' model (D above) may have other tensions however. For example, in delivering a given strategic vision, there may be an inclination to skew the selection and balance of functions towards (or against) regulatory interventions. Yet it is noted that at least one mainland state (New South Wales) appears to have adopted a model where the regulator (NSW EPA) has a central role in strategy development. Other bodies (e.g. NSW Environmental Trust and regional bodies) have been recruited into delivery to avoid potential conflicts of interest.²⁹

Interactions with regional and local scales

As explained in the Part A report, regional joint authorities in the north, northwest and south of Tasmania have established regional waste management authorities to support council services and activities within their operating areas. In effect, these authorities are jointly held by their member councils and act independently of the Tasmanian Government.

Should this approach continue, the statewide waste management body has the option to work with regional authorities and their councils to deliver on statewide priorities at regional and local scales, with a focus on coordinating functions and services so that each region contributes to statewide objectives. This may be enacted through a partnership or similar joint commitment.

In this approach, the regional bodies and councils may not be compelled to cooperate except by using incentives, and the relationship would need to respect a degree of independent processes and timeframes. While positive incentives may be welcomed, coercive methods may undermine an otherwise collaborative spirit that would leverage each sector playing to its strengths.

An alternative approach may be to instate regional bodies as Tasmanian Government entities (e.g. as statutory agencies, GBEs, or regional divisions of the statewide lead), replacing the existing regional waste management authorities. Arguably, this could introduce operational streamlining and efficiencies between statewide and regional scales, while shifting the delivery interface (and potential points of friction) from a state-regional layer to a regional-local layer. In order to maintain positive relationships, the Tasmanian Government would need to show that this model presents a better outcome than the current approach where regional bodies are owned by and agents of their member councils.

²⁹ See <https://www.environment.nsw.gov.au/funding-and-support/nsw-environmental-trust>

Funding and resourcing

As befits a delivery model in which the Tasmanian Government centralises strategy, planning and decision making roles for the statewide arrangement, a logical funding process would involve funding and resourcing responsibilities held by the state. A number of strategies may be available under this model, commensurate with the levels needed to deliver on its agenda.

For Option 1 variants in which the EPA or a state government agency or department was the lead organisation, the typical funding strategy for core operations would be a budget allocation (with additional funding for fixed term initiatives, based on their value in contributing to a statewide vision). Yet there may be upper limits to how much funding can be drawn into the statewide arrangement given the opportunity cost of funding needed elsewhere. Some functions may not be viable at the scale needed to achieve its intended outcome, within this upper limit.

In theory, a GBE (see C above) could be funded through service fees, although this approach may not be compatible with the role of the statewide arrangement to deliver diverse and widespread benefits (as set out in Section 1 and the Part A report) across the community, based on improved waste management and resource recovery outcomes. That is, funding should not necessarily accord with or be reliant on delivering services and charging fees to identifiable clients and customers. This recognition may weaken the option to deliver the waste management arrangement through a GBE, compared with other state-led models.

At the time of writing, the Commonwealth Government and states and territories are preparing an action plan for the National Waste Policy, including funding.³⁰ Given Tasmania's relative standing in regards to recycling rate and levels of recovery infrastructure, there may be a basis to secure funding through the national process. However, this may be reserved for projects and initiatives as opposed to core operations. Further, this funding option may not reflect a point of difference from other options considered for delivering the statewide arrangement.

The use of landfill levies could be a means to deliver higher and sustained revenues to dedicate towards the statewide waste management arrangement and regional implementation, as is the practice in some mainland states. Yet given other competing rationales for installing landfill levies – namely, to internalise the social cost of landfills and/or provide a market signal to shift practices – there is a need to develop and communicate a clear view of what purpose(s) the landfill levy serves, and how this drives its details.

The adoption of a statewide, mandatory landfill levy cannot be pursued without acknowledging the prior existence of landfill levies currently in use in the northwest and northern parts of the state. Presumably, a statewide levy would require the cessation of regional levies (on the grounds of political acceptance and efficiency). However, given that a defining feature of this option is that the state government leads, drives strategy and makes decisions (including funding decisions) on the direction of waste management settings across the state, the discontinuation of regional levies will terminate regional and local independence. That is, the setting, delivery and funding of regional agendas will need to rely on allocations from the state government, with limited recourse to direct or influence those funding decisions. Even in the case where local councils and regional authorities are compensated over a transition period, this funding model involves councils having a diminished negotiating position and capacity to lead at the regional level. Given the historic leadership of councils and regions on waste management, this may ultimately be a less satisfactory funding model for the local government sector.

³⁰ See <https://www.environment.gov.au/about-us/mem>, Meeting 8 Agreed Statement.

Option 2 – Local government sector as strategic lead

Overview

This option involves the local government sector leading on waste management at the statewide scale, in addition to its current leadership at the local and regional scales. In effect, this is an extension of existing arrangements, enhanced through adopting a whole-of-Tasmania approach and potentially through bringing new functions into place.

In this model, local councils and their regional waste management authorities set the vision and strategic agenda, and use collaboration and sector-wide approaches to different challenges as a means to achieve scale and consistency. The waste and resource recovery industry, other businesses, and state government could input to this agenda, but ultimately, the council sector leads across state, regional and local levels. Local governments, possibly using a centralising body, would also manage and take stewardship of data and knowledge management processes.

In adopting this delivery model, the local government sector may need to influence the Tasmanian Government to enact some measures to ensure the full suite of thirteen functions can be deployed to support the statewide arrangement. For example, statewide environmental regulation is likely to remain the role of the EPA; and advocacy to the Commonwealth Government on Tasmania's needs may still need to be delivered via the state government, given the Minister for Environment's formal position as representing the state of Tasmania in national processes. For other functions, e.g. the adoption of mandatory landfill levies across the state, local councils may request the Tasmanian Government to bestow this power upon them or may request that the Tasmanian Government deliver that function on the councils' behalf.

The local government sector would have a number of delivery configurations to explore:

- A. Providing for a stabilised funding and operation of regional waste management authorities in order to represent and serve all councils, which then enter into a formal partnership agreement to formulate and deliver a statewide waste management agenda
- B. Formation of a joint authority tasked with delivering the statewide waste management arrangement across all participating council areas, under Division 4 of the *Local Government Act 1993*
- C. Delegation of duties to a local government member organisation (or a subsidiary to that organisation) such as LGAT, to lead and coordinate the arrangement on councils' behalf
- D. Establishment of a non-profit Special Purpose Vehicle (SPV) under the Commonwealth Government *Corporations Act 2001*, with purpose, objectives and functions codified into the company constitution.³¹

³¹ See <https://asic.gov.au/for-business/registering-a-company/steps-to-register-a-company/special-purpose-companies/>

Interactions across functions

Under Option 2, the local government sector would lead across the Strategy and Knowledge Development functions through one of the four variants (A through D above). This includes development of a vision, infrastructure and service planning and scheduling, development of strategies to address specific challenges, and managing knowledge accumulation and use.

Based on research conducted during Part A of the feasibility study, many or all of these functions have been carried out to some extent at regional scales to date – the main differences from the current arrangements are to:

- Upscale the geographic scope to cover all of Tasmania in the waste management vision and strategies
- Recruit a wider range of functions to deliver on the statewide vision and strategies, than may currently be coordinated at regional and local levels
- Ring fence some planning and decision making processes – e.g. for services and infrastructure scheduling – from conflicts of interest associated with council owned and joint authority owned assets.

Similarly, three of the five Ongoing Operational functions – i.e. education and engagement; waste management service and infrastructure procurement support; and market development and sustainable procurement functions – could represent a continuance of regional activities, albeit on a statewide scale. Again, to manage conflicts of interest, there may be a basis to ring fence procurement support processes from council owned and joint authority owned assets. LGAT could be tasked to deliver procurement support and aggregation across the state (i.e. not unduly bounded by regional perimeters), given that this capability already resides within the organisation.

Two of the Ongoing Operational functions – regulatory enforcement; and advocacy to national processes – may be more challenging to deliver from a local government position.

- In the first case, environmental regulation is the EPA's responsibility and is likely to be most effective if this remains unchanged. The council-led statewide arrangement is therefore dependent on state government and EPA decisions regarding the resourcing, powers and operational responses of the EPA to uphold the statewide arrangement's vision. Under this option, it cannot be presumed that regulatory functions will be deployed in the form and timeframes needed. This may impact the effectiveness of other functions by creating a regulatory gap. For example, if the environmental approvals and issuing of licences is disconnected from infrastructure planning and scheduling, it limits the power of the planning and scheduling function.
- In the second case, while a council-led statewide arrangement may be able to advocate its position and negotiate with the Commonwealth and other states and territories, it does not carry the same representative weight as an appointed state government official (such as the Tasmanian Minister for Environment). Unless this power is delegated or a collaborative representation model is adopted, the statewide arrangement will not be in an equivalent position to strike agreements in national processes. This may affect the performance and outcomes of the arrangement's advocacy functions.

In principal, a council-based statewide arrangement could deliver all of the Transformation functions and some regions have already adopted voluntary landfill levies. However, it needs to resolve a number of challenges in delivering large shifts in how waste is managed in Tasmania.

- For larger scale public infrastructure funding, the arrangement may need to identify larger funding sources to deliver the capital needed to drive significant change in how waste is managed across the state. Some options may include Tasmanian or Commonwealth Government contributions (which cannot be presumed from the outset), or a lift in existing regional landfill levies which is then allocated to the infrastructure.
- Given that the existing regional landfill levies are voluntary, rather than legislated, there is likely to be an upper limit to how much the levy rate can be raised before:
 - Waste generators and managers use solutions that do not attract a levy (e.g. illegal dumping or landfills that do not have a levy in place)
 - Some councils elect not to participate in paying a voluntary landfill levy.
 These responses may affect changes in the voluntary levies and the viability of infrastructure funding measures.
- In cases where the transformation can only be efficiently and uniformly applied through legislation – for example, Tasmania-wide product stewardship regulations or the adoption of a landfill levy to fully finance a council-led statewide waste management arrangement – council partners need to advocate for and convince the state government to enact the necessary legislative processes to allow implementation. For some functions, it is not clear that the Tasmanian Government would be prepared to expend the required resources and bear the political risk in doing so, without taking direct control of operations and/or taking administrative oversight.

These factors point to one of the defining characteristics of Option 2. That is, while it allows councils and regional authorities to retain some leadership and autonomy regarding waste management directions and settings, they are reliant on the state to enact legislation and perform regulatory functions without certainty that these functions will be deployed as needed.

Interactions with regional and local scales

In Option 2, the statewide arrangement is led by councils using an operating structure that allows the council sector to take a statewide perspective and enact statewide functions. In principle, irrespective of delivery variants A to D (see page 65), the statewide arrangement is led by a body owned by or operating on behalf of the local government sector.

Assuming a regional operating layer exists in some form (e.g. as continuations of the existing regional authorities or as regional offices within the statewide arrangement), there should be confidence that there is cohesion between statewide and regional outlooks and work plans. Similarly, a council-led statewide arrangement is expected to have an awareness and appreciation of council duties and processes in delivering waste management services.

Notwithstanding the above, some councils may elect to opt out of a statewide waste management arrangement, on the grounds that their needs are not adequately served. Managing and resolving this potential risk could be overcome through sound and inclusive governance processes (noting that some trade-offs are likely to be necessary), and through proactive engagement and reporting processes. Sound governance and planning may also be needed to ensure commercial and industrial wastes are addressed to the extent warranted, rather having the statewide agenda unduly biased towards issues faced by local governments.

Funding and resourcing

Using existing arrangements as a precedent, a council-led statewide arrangement has a number of options for how resourcing and funding might work. In theory, the arrangement could be staffed by a mixture of direct employees (i.e. within the lead entity) and secondments from member councils and regional authorities. This would provide the benefit of cross-transfer of knowledge and the accumulation of direct experience working within partner organisations.

Options for funding could involve one or more of:

- Council contributions, made as ongoing budget allocations to the statewide lead
- Partial allocations of voluntary landfill levies collected at a regional level
- Contributions from the Tasmanian Government and Commonwealth Government, in recognition of the statewide waste management arrangement's support for and delivery of state and national agendas in waste management (e.g. delivery of the Tasmanian Waste Plan and Tasmanian implementation of the National Waste Plan)
- Other funding made available from the Commonwealth Government, potentially tied to individual projects and initiatives.

As discussed for Option 1, there may be the need for a significant upshift in funding, both as the statewide arrangement matures and as some more financially intensive functions (such as infrastructure funding comes online). However, there may be challenges in reaching a funding strategy that is certain, stable and scalable.

Under option 2, funding could be enhanced by increasing council contributions or regional landfill levies, although there are likely to be upper limits either due to exhausting councils' willingness to lift their contributions and/or risking the perverse incentive to send waste to landfills (or other locations) that do not incur a landfill levy. Thus, this option may intrinsically have scaling limits.

An alternative option to raise additional funding may be to dissolve the regional and voluntary landfill levies, and replace them with a (higher) statewide levy applied to all landfills and forms of waste sent to landfills. This may lift landfill levy revenues across the state, although it cannot be assumed that the Tasmanian Government would enact the measure or hypothecate funding back to the statewide arrangement over the longer term.

Finally, the statewide arrangement could seek to lift its incomes by a combination of the different funding options (listed as bullet points above). However, adopting such a disparate funding approach introduces complexity and instability into the funding model, and is particularly to be avoided for funding core operations. So while a diversified and opportunistic approach to funding the arrangement may be superficially appealing, it may also introduce structural income risks over the long term. A better approach would be to identify a core funding solution that is sustainable and consistent with the core intent of the statewide arrangement.

Option 3 – Cooperative leadership between Tasmanian Government and Local Government

Overview

This option seeks to bring together the relative strengths of local government and state government in leading a statewide arrangement, through establishing a partnership framework between the two layers of government. The aim is to pair the historic progress made and competencies held by local governments and their regional bodies with the Tasmanian Government's ability to formally represent the state, enforce regulations, and enact legislation.

In this approach, a planning and decision-sharing body is created with representation from state and local government sectors, and potentially drawing on experts from other sectors (e.g. waste and resource recovery industry, other stakeholder industries, and the charity sector) participating in non-voting and advisory capacities. This body would set the strategic vision and direction for waste management, resource recovery, and circular economy transitions across the state, and coordinate and guide work plans for the state and local government to deliver on. These work plans would cover the roll out of functions at state, regional and local levels.

While this model may theoretically cover the gaps identified in the two previous options, there may be some challenges in establishing the partnership body. These principally involve the progression of negotiations to take on or upgrade different responsibilities across the two public layers; determine funding needs and strategies; and (potentially) transfer, wind down or re-wire some existing functions to better align with a statewide waste management model.

In short, these may be resolved through negotiating and setting up a suitable governance framework that carries an optimal combination of decision makers and executives from across state and local government administrations. The use of a Special Purpose Vehicle (company) as enabled under the Commonwealth *Corporations Act 2001* may be an effective means to a solution, with requisite features codified in the company constitution, Board guidelines and other corporate governance devices. The unique role and functions of the organisation in advising, recommending and delivering statewide waste management solutions may additionally need to be formalised via foundation legislation.

Interactions across functions

In this option, the partnership body is responsible for Strategy and Knowledge Development functions, i.e. vision setting, preparation of strategies for priority areas, infrastructure and service planning and scheduling, and data management and custodianship. Having formal links with state and local government, and having access to industries and non-profit entities through advisory bodies, the partnership may be well placed to support efficient information flows, although this capability will need to be actively attended to.

Ongoing Operational functions to deliver on the statewide agenda would ideally be conceived and centrally coordinated from within the partnership body, with input from delivery partners in state government and local government (including regional entities, which may include existing regional authorities or regional offices of the partnership body).

Regulatory functions would remain within the EPA, and would be operationally separate from other functions. However, where the partnership body identifies gaps or points of weakness in the regulation of waste management, it could formally recommend to the Minister for Environment that these matters be addressed through one or more responses.

Where larger scale changes to waste management and resource recovery are required, the partnership body could call on the Transformation functions (i.e. bans, regulations, large scale infrastructure funding, and mandatory landfill levies and other market instruments). In instances where these require legislative backing, the partnership body could use its state networks to prosecute the case and formally recommend a legislated solution to the Tasmanian Government. Similarly, the body could explore potential effects of these measures on the local government sector (via its council linkages), and factor these impacts and responses into the solution.

Interactions with regional and local scales

An intended feature of this option is that the statewide partnership has access to Tasmanian Government powers and positioning (via formal advisory channels and reporting lines), while retaining a close connection to local governments and their regional bodies. The arrangement should therefore be in a position to guide local and regional entities in the adoption of waste management and resource recovery strategies that include local and regional implementations of relevant statewide functions. Similarly, the needs, experiences and priorities at the local and regional level should readily be incorporated into statewide planning, given council representation in the partnership. Having the local government sector as an equal partner in the arrangement will help build trust between strategic and operational layers, and foster a more seamless integration between those delivery areas.

Further, the Tasmanian local government sector is a long term champion of a statewide approach and has arguably led the pursuit of a more comprehensive, sustainably funded statewide model to improve waste management. Through their self-organisation into waste management regions, the councils have demonstrated a capacity to deliver functions at an aggregated scale. It therefore make sense to recognise and directly leverage this accumulated expertise and ambition into the statewide arrangement.³²

Similar to the other options, the statewide waste management arrangement should be able to allocate and deliver functions in a way that avoids potential conflicts. For example, should regional authorities and groupings of councils (as joint authorities) continue to deliver commercial services and hold infrastructure assets, the statewide partnership body could directly deliver procurement support to councils and publicly fund infrastructure in an impartial manner, i.e. independent of assets and services being held by private or public owners who may have a stake in funding and procurement decisions.

³² This approach differs from that of the mainland states (which more closely resemble Option 1), where there are clear divides and occasional tensions between state governments carrying strategic leadership and oversight responsibilities, and regional bodies and local governments that are expected to implement the statewide vision within their work plans.

Funding and resourcing

A feature of this model is that it could foster personnel transfers and secondments from across state and local government sectors in a way that supports knowledge exchange and professional networks. The main benefit in this exercise will be to help partners anticipate the perspectives, priorities and internal processes that need to play a role in delivering the statewide waste management arrangement, and in the local government sector's role in delivering waste and resource recovery as an essential service.

In practice, the statewide waste management arrangement could issue expression of interest requests across state and local governments when forming teams for important tasks and functions, aiming to internalise a diversity of experiences when developing strategies and overseeing delivery of essential functions.

In employing a model where local and state government share delivery responsibilities, this option would be consistent with a shared funding model. If both layers of government are able to recognise that there are shared responsibilities and benefits (either as direct benefits or in providing a path to deliver on stated priorities), it becomes logical to expect each partner contribute funding and resources in an equitable manner.

A funding ratio of 1:1 for example, would symbolise a common onus to bring forward a more sustainable model for waste management and resource recovery in Tasmania. In the earlier years of the statewide waste management arrangement, i.e. when establishing and drafting initial strategies and functional capabilities, this funding may be more achievable than if either local government or state government is fully responsible for resources and funding. Firstly, the funding target for each sector is effectively halved; and secondly, it avoids the situation where, if one sector is providing funding in its entirety, it then becomes accepted that it is wholly that sector's challenge to respond to.

Noting the recent commitment by the Tasmanian Government to introduce statewide, mandatory landfill levies (see Appendix 2) as a possible mechanism to gather revenue to fund the statewide waste management arrangement (while potentially achieving other goals as a market signal), the partnership model may ease this process. Firstly, councils may be more willing to wind back their existing voluntary landfill levies in the knowledge that they will then be an ongoing partner in decisions on how to allocate landfill levy funds to various needs. Secondly, it may be more politically palatable for the state government to legislate for a landfill levy, in the knowledge that local governments are a party to and share a degree of accountability for decisions on its settings and hypothecation arrangements.

Appendix 2 – Alignment with the draft Waste Action Plan

Context

The Tasmanian Government released a draft Waste Action Plan on 29 June 2019. The draft plan was released for public consultation and submissions until 7 October 2019.

The release of the draft plan occurred after the project team's submission of the draft Part B report to the LGAT Project Reference Group. Understandably, while the potential release of a Waste Action Plan has been raised throughout the timing of this study, the project team was not provided draft plan content prior to its release and therefore had limited capacity to incorporate its details into the study and its methods.³³ Yet since its release and in keeping with directions from LGAT and project stakeholders, the following pages provide a brief summary of potential alignments, convergences and synergies between the draft Waste Action Plan and the findings of this feasibility study.

Minor cross references have also been made elsewhere in the report where this is deemed suitable and relevant to the discussion. Implementation planning set out in Section 5 of the Part B report takes account of the opportunity to have the proposed solution playing a central role in the delivery of a final Waste Action Plan (pending its release).

Areas of existing alignment and potential convergence

Governance

The draft Waste Action Plan identifies seven 'focus areas' with related actions. Governance is listed as the second focus area and explicitly highlights this feasibility study into a preferred arrangement as providing 'an important contribution to the Government's deliberations on governance requirements', see text box below.

The introduction of a waste levy will require the establishment of an administrative structure. The Local Government Association of Tasmania (LGAT) with support from the Tasmanian Government is currently investigating the feasibility of establishing waste management arrangements to help coordinate and deliver statewide waste policies, strategies, programs and services. A range of models may be considered by State and local government, but the LGAT study will provide an important contribution to the Government's deliberations on governance requirements.

ACTIONS

- Investigate and discuss models for waste management governance with local government.
- Establish a relevant administrative structure.

³³ The EPA was able to disclose some indicative thematic priorities that the draft Waste Action Plan may be structured upon. However, this did not include details of any particular instruments or objectives.

The position of the feasibility study as a linked input to inform how the Waste Action Plan may be operationalised is useful. Rather than being prescriptive on governance arrangements for the delivery of statewide policies, strategies, programs and services (including administrative structures of the proposed waste levy, per the text box above), the draft Waste Action Plan is open to models put forward by LGAT and the local government sector.

In highlighting the need to establish an administrative structure for the waste levy, and the preference to implement this in consultation with local government, the draft Waste Action Plan provides the opportunity to fundamentally link levy design and administration to broader governance around establishing and putting a statewide delivery arrangement to work in support of Tasmania's waste management, resource recovery and circular economy needs.

Alignment findings

In this study, the governance aspects of the preferred statewide arrangement have been taken into account in describing and evaluating each statewide arrangement option (see Sections 3 and 4, with finer details concerning the preferred solution set out in Section 5).

Consistent with how the feasibility study is framed in the draft Waste Action Plan (above), the study provides a practical foundation from which to explore and ultimately resolve the governance, delivery and administrative needs of the final Waste Action Plan, should LGAT and the Tasmanian Government determine to do so.

Funding

One of the key initiatives of the draft Waste Action Plan is introduction of a statewide legislated levy on waste being dumped in landfill by 2021. This levy is proposed to replace the council levies that already exist, with funds to be focused on future waste and recycling infrastructure and programs. Page 8 of the draft Waste Action Plan states:

'In collaboration with the local government and regional waste authorities, industry and the community, the Tasmanian Government will introduce a statewide legislated waste levy by 2021. It is proposed that the new legislated statewide waste levy would replace any existing council levies. The design (including cost) of the statewide waste levy will be developed in consultation with local government, industry, businesses and the wider community with the modelling and analysis, taking into account the potential impact of the proposed levy on households and businesses. The Tasmanian Government will also develop legislation that indicates how the revenue collected from the levy will be directed to waste management and resource recovery initiatives, while ensuring regional authorities continue to derive a revenue stream from the new levy'.³⁴

There is strong alignment between the draft Waste Action Plan's commitment to a legislated levy and the stakeholder feedback on the need for a funding stream dedicated to a statewide arrangement for delivering on waste management and resource recovery initiatives. The suggestion of a 'collaborative' approach to introduction of the levy, development of legislation for application of the levy, commitment to distribute levy revenues 'directed to waste management and resource recovery initiatives', and allocation of a revenue component to regional authorities all have strong alignment with the governance and funding aspects of the preferred partnership arrangement.

³⁴ Tasmanian Government, Draft Waste Action Plan – Consultation Draft June 2019, page 8

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June 2019

The draft Waste Action Plan is predominantly focused on a commitment to a legislated statewide levy to fund waste and resource recovery initiatives. Yet the transition to a Circular Economy is also a prioritised focus area in the draft plan, including alignment to the revised National Waste Policy. The Australian Government's four-year, \$100 million *Environment Restoration Fund* is mentioned as including clean-up, recovery and recycling of waste as a priority area for funding.³⁵ The draft Waste Action Plan makes no mention of pursuing an integrated funding strategy for statewide initiatives via a combination of statewide levy funding allocations and matched Commonwealth Government funds (or similar).

Alignment findings

There is strong alignment between the statewide levy proposed in the draft Waste Action Plan and the outline of its supporting legislation, and the establishment of a statewide levy as a key funding plank for the preferred partnership arrangement and initiatives set out in this report.

To an extent, this potential for alignment was pre-designed into the feasibility study. This is in recognition that in order for each of the agreed statewide functions to be resourced at a level necessary to deliver the expected benefits, a large scale and stable funding instrument would be necessary. Thus, each delivery option for the statewide arrangement had been framed as potentially having a scaling up period (i.e. prior to the use of a landfill levy or similar revenue generating instrument) and as potentially being supported over the longer term through landfill levy hypothecation arrangements (see Sections 3 and 4 and Appendix 1).

The feasibility study extends the discussion of funding arrangements beyond that set out in the draft Waste Action Plan, in proposing that state and local government partners seek a Circular Economy Deal to leverage 'matched' or similar contributions from the Commonwealth Government. If adopted, the implementation pathway for the partnership arrangement as set out within the feasibility study (see Section 5.2) could strengthen the overall funding strategy for the Waste Action Plan.

Statewide arrangement functions and draft action plan focus areas

The Part A report for this project provides a thorough explanation of processes and stakeholder engagement undertaken to establish priority waste issues (problems) and the derivation of thirteen functions (roles) of a statewide waste arrangement for Tasmania. The draft Waste Action Plan puts forward seven focus areas, the majority with an indication of supporting actions for consideration by stakeholders.

The following table provides a high-level analysis of areas of alignment and potential for further convergence between the thirteen functions (roles) established for the statewide arrangement and the seven focus areas and supporting actions of the draft Waste Action Plan. Overall there appears to be strong and healthy existing commonality between the functions established through this study and the draft focus areas and actions within the draft Waste Action Plan.

³⁵ See <https://www.environment.gov.au/environment-restoration-fund>

Functions of Statewide Arrangement	Areas of existing alignment and potential convergence	Focus Areas of Draft Waste Action Plan
1. Vision statement for waste management and circular economy in Tasmania, linked to a credible commitment to take action.	<p>Area of existing alignment</p> <ul style="list-style-type: none"> Recognition of benefits in pursuing Circular Economy within state vision statement and focus. Nomination of targets for waste and resource recovery. <p>Area of further potential convergence</p> <ul style="list-style-type: none"> Targeted engagement to achieve buy in and endorsement of leading stakeholder groups for Circular Economy. Facilitation of Circular Economy Deal with Australian Government. Vision statement, purpose and objectives of statewide arrangement will help clarify government role in Circular Economy for key stakeholders. 	<p>1. Moving to a Circular Economy: Government Priorities and Key Sectors</p> <p>ACTIONS</p> <ul style="list-style-type: none"> Develop and support waste-related innovation and research networks in the bio-economy, agricultural technology, tourism, education (STEM), and renewable energy sectors. Adopt the following targets for waste and resource recovery: <ul style="list-style-type: none"> Reduce waste generated in Tasmania by 5% per person by 2025 and 10% by 2030 Ensure 100% of packaging is reusable, recyclable or compostable by 2025 Achieve a 50% recovery rate from all waste streams by 2025 and 80% by 2030 Have the lowest incidence of littering in the country by 2023 Reduce the volume of organic waste sent to landfill by 25% by 2025 and 50% by 2030 Work at the national level and with local government and businesses in Tasmania to help phase out problem plastics by 2030.
2. Statewide infrastructure & service planning and scheduling.	<p>Area of existing alignment</p> <ul style="list-style-type: none"> Common prioritisation of need for statewide infrastructure planning. <p>Area of further potential convergence</p> <ul style="list-style-type: none"> Consider how scenarios for waste and resource recovery infrastructure planning incorporate Circular Economy. 	<p>4. Infrastructure Planning</p> <p>ACTIONS</p> <ul style="list-style-type: none"> Develop a Tasmanian Waste and Resource Recovery Infrastructure Plan by 2021. Work with Local Government to address potential planning issues around waste management and resource recovery infrastructure.

3. Development of strategies for priority items, including: <ul style="list-style-type: none"> Organics from municipal and commercial sources, end of life tyres, single use plastics and non-recyclable packaging. Others identified as a priority for Tasmania. 	Area of existing alignment <ul style="list-style-type: none"> Common prioritisation of need for organics strategy Area of further potential convergence <ul style="list-style-type: none"> Consider other specific strategies i.e. single use plastics and non-recyclable packaging. Prepare strategies and action plans to address priorities, setting out the contribution of different functions to achieve strategic outcomes over a defined period, delegated to different parties. 	5. Support Resource Recovery across Industry ACTIONS <ul style="list-style-type: none"> Develop an Organic Waste and Resource Recovery Strategy by the end of 2020. Develop a Tasmanian Market Development Study by the end of 2021.
4. Statewide data collection, analytics and reporting: <ul style="list-style-type: none"> Tracking and investigating illegal dumping incidents Volume of waste generated and services demanded at state and regional scales Projection of capacity needs for infrastructure and services To inform preferred interventions to problem materials. 	Area of existing alignment <ul style="list-style-type: none"> Common prioritisation of need for standardised data management systems Area of further potential convergence <ul style="list-style-type: none"> Clarification of statewide role performed via the statewide arrangement. Explore options to plan, develop and implement an integrated data management framework, tailored to support the vision and strategies; evaluate their interim and final performances; and empower partners and stakeholders to contribute to outcomes. 	3. Data, Innovation Networks and Resource Recovery Targets ACTIONS <ul style="list-style-type: none"> Help to support the establishment of standardised data management systems to capture waste data, to monitor progress against targets and facilitate businesses investment in resource recovery.
5. Governance and collaboration models to engender trust & commitment: <ul style="list-style-type: none"> To support surveillance & remediation of dumping sites To build certainty for new services & assets to come online. 	Area of existing alignment <ul style="list-style-type: none"> Governance arrangements for the preferred statewide arrangement (discussed previously). Governance and collaboration expertise is seen as a functional capability to be held by the statewide arrangement. 	2. Governance ACTIONS <ul style="list-style-type: none"> Investigate and discuss models for waste management governance with local government. Establish a relevant administrative structure.

6. Local government engagement and procurement support to lock in demand for new services and facilitate efficient use of assets.	Area of further potential convergence <ul style="list-style-type: none"> No explicit mention of related actions in draft Waste Action Plan, however focus on infrastructure planning and industry support would infer need to support appropriate scale of demand for services via local government sector. Consider importance of collective procurement facilitation and inclusion as a focus area / action to enable implementation of infrastructure plan. 	
7. Coordinated education, engagement and marketing: <ul style="list-style-type: none"> To ostracise illegal dumping and encourage reporting To foster acceptance and uptake of new recovery services To stimulate demand for recovered resources To support best practice in local and regional services To guide consumer & purchasing behaviours and decisions. 	Area of existing alignment <ul style="list-style-type: none"> Common prioritisation of education and engagement activity. Area of further potential convergence <ul style="list-style-type: none"> Clarify scope of support to be provided to local government and regional bodies, and priority stakeholders. Consider role in supporting better practice and coordination across the state around education and engagement priorities. 	6. Education and Community Engagement ACTIONS <ul style="list-style-type: none"> Provide support to local government and the regional waste groups to continue their targeted education and grant programs for schools, businesses, householders and other stakeholders such as charitable recycling organisations.
8. Statewide enforcement and prosecution of stockpiling in breach of licence conditions, and illegal dumping.	Area of further potential convergence <ul style="list-style-type: none"> Consider whether the final Waste Action Plan should bring further focus and actions to better enable statewide enforcement and prosecution given other proposed initiatives i.e. statewide levy etc. 	7. State and National Policy and Regulatory settings

9. Market development measures including sustainable procurement: <ul style="list-style-type: none"> To stimulate markets for resources recovered locally To foster the replacement of non-recyclable and single use items with reusable / recyclable / recycled content items. 	Area of existing alignment <ul style="list-style-type: none"> Common prioritisation of sustainable procurement practices. 	5. Support Resource Recovery across Industry ACTIONS <ul style="list-style-type: none"> Develop capacity across Government to support business development in the waste and recycling industry. Boost demand for recycled products through adoption of sustainable procurement practices across State and local government.
10. Coordinated advocacy and policy input at the national level, where national solutions are deemed to be more effective.	Area of existing alignment <ul style="list-style-type: none"> Common prioritisation of working with the Australian Government to ensure effective use of tools under national legislation. This includes setting appropriate standards and specifications for recycled materials to promote reuse of waste inputs over virgin material. 	7. State and National Policy and Regulatory settings ACTIONS <ul style="list-style-type: none"> Work with the Australian Government to ensure that reviews of relevant legislation, such as the <i>Product Stewardship Act 2011</i>, result in effective programs that enhance resource recovery.
11. Product stewardship of priority items including product re-design and take back arrangements (e.g. container deposit scheme) - pending understanding of net benefits.	Area of existing alignment <ul style="list-style-type: none"> Common prioritisation of introduction of Container Refund Scheme. Broad alignment on commitment to build evidence for improved product stewardship work with Australian Government to improve existing and future schemes. 	7. State and National Policy and Regulatory settings ACTIONS <ul style="list-style-type: none"> Introduce a Container Refund Scheme into Tasmania by the end of 2022 Work with the Australian Government to ensure that reviews of relevant legislation, such as the <i>Product Stewardship Act 2011</i>, result in effective programs that enhance resource recovery.

<p>12. Infrastructure funding to stimulate investment in recovery assets Pending private investment gap analysis & case for public funding.</p>	<p>Area of existing alignment</p> <ul style="list-style-type: none"> Common prioritisation of need to support resource recovery improvements (practices / infrastructure) <p>Area of further potential convergence</p> <ul style="list-style-type: none"> Direct funding may be needed to close the gap between what businesses and the community (via councils) are willing to pay for new recovery services and logistical infrastructure, and the financial cost associated with building new infrastructure and recovering capital costs through service pricing over the asset's lifespan. May otherwise provide a suitable risk sharing model to help operators invest in innovative technologies and business models that cannot otherwise be justified. 	<p>5. Support Resource Recovery across Industry ACTIONS</p> <ul style="list-style-type: none"> Develop capacity across Government to support business development in the waste and recycling industry. Establish a loan scheme for businesses and local government that helps grow locally based and innovative recycling and processing facilities which increase recycling rates while also delivering new jobs across Tasmania.
<p>13. Market and/or statutory instruments (e.g. levies, bans from landfill) to address gate fee differentials. Pending an analysis of gap between gate fees for new services and willingness to pay above existing landfill rates.</p>	<p>Area of existing alignment</p> <ul style="list-style-type: none"> Common prioritisation of need to introduce a statewide waste levy. <p>Area of further potential convergence</p> <ul style="list-style-type: none"> Analysis of quantum and trajectory of levy and re-allocation to waste management and resource recovery activities. 	<p>7. State and National Policy and Regulatory settings ACTIONS</p> <ul style="list-style-type: none"> Work with local government to introduce a statewide waste levy by 2021 to fund waste management and resource recovery activities.