

Building Better Regions Fund Infrastructure Projects Stream

Project and Assessment Summary BBRF65530

Project Details

Name of Applicant	Norfolk Island Regional Council		
Name of Project	Waste Management Solution for Norfolk Island		
Project Description	The project will create a Waste Management Solution for Norfolk Island which includes supplying and installing a composting system and associated infrastructure to manage the island's waste streams.		
If part of a larger project, description of larger project	Not applicable		
Applicant Location	New Military Barracks, Norfolk Island, NSW 2899		
Project Location	Norfolk Island, NSW		
Remoteness Classification	Very remote		
Project Commencement	01/07/2018	Project Completion	07/06/2019

Employment	Direct	Indigenous Direct	Indirect	Indigenous Indirect
During construction	4 FTE	0 FTE	40 FTE	0 FTE
Following construction	6 FTE	0 FTE	10 FTE	0 FTE

Funding Details from application

BBRF Grant Requested	\$1,278,375	Total Eligible Project Cost (excluding in-kind)	\$1,704,500
Other Commonwealth Funding	\$0		
Co-funding requirement	3:1		
Co-funding exemption applies	Not applicable		

Value of Contributions	Cash/In-kind
\$426,125	Cash
\$243,750	In-Kind
\$669,875	Total

Summary of Merit Criteria Analysis

This application was assessed by the Department as Value with Relevant Money.

Economic Benefit	Social Benefit	Value for Money	Project Delivery	Total Score
15 points (Benchmark is 9)	10 points (Benchmark is 6)	5 points (Benchmark is 3)	5 points (Benchmark is 3)	35 points
10.88	6.50	3.17	3.80	24.35

Red = below Value with Relevant Money benchmark. Green = on or above Value with Relevant Money benchmark.

Project Outputs/Outcomes (provided by applicant)
The outputs for this project consist of: <ul style="list-style-type: none"> An aerated composting vessel and supporting technology. A purpose built facility to undertake aerated composting operations.

- Plant and equipment including trommel, feed hopper, bin lifter, biofilters, cross feed auger and incline feed auger, shredder.
- Metal baler (primarily for vehicles, scrap metals and whitegoods).

Assessment Summary

The application for the 'Waste Management Solution for Norfolk Island' project was assessed as representing Value with Relevant Money because it exceeded the minimum benchmark for all merit criteria. The application has a final score of 24.35 out of 35.

The applicant claims the project will deliver economic benefits through job creation, creating market opportunities for new and existing tourism and agriculture sectors, use of local goods and suppliers, increase in efficiency of the service delivery system and reduce costs associated with dumping. The applicant has provided a strong link between these claims and the project outcomes. The claims are supported by adequate evidence.

The applicant claims the project will deliver social benefits through making the region more attractive to live, supporting and protecting local heritage and culture and reduce health risks to the Norfolk Island community. The applicant has provided a strong link between these claims and the project outcomes. The claims are supported by adequate evidence.

The application has demonstrated value for money. However, the application has low partnership participation and has not leveraged additional co-funding above the minimum requirement. There is one funding partner (the Applicant) who is committing contributions worth 34% of the total project cost of \$1,948,250 (including in-kind). The applicant is providing 100% of the evidenced cash contribution. All partner contributions are supported by appropriate evidence.

The applicant has demonstrated the capacity, capability and necessary resourcing to undertake the project. Project planning and sustainability documentation was provided by the applicant to support the project's viability. The applicant has the necessary experience to undertake the project. The applicant has demonstrated capacity to fund and sustain the project.

No risks were identified during the assessment.

Merit Criterion One: Economic benefit

Summary (Score = 10.88 /15)

Outcome of Assessor's Appraisal: The application exceeded the benchmark for Criterion 1 because the economic benefits have been defined and quantified, the applicant has provided a strong link between these claims and the project outcomes, and the claims are supported by adequate evidence.

Summary of employment benefits:

Total project cost	\$1,704,500 (excluding in-kind)
Grant funding requested	\$1,278,375
Direct jobs during construction	4
Indirect jobs during construction	40
Direct jobs post construction	6
Indirect jobs post construction	10
Post- construction jobs per \$ million of the total project cost	There are 4 direct, post-project jobs per \$1 million of cash project expenditure. This equates to \$213,063 of grant funds per direct, post-project job.

Summary of Cost Benefit Analysis (for grant requests over \$1m)

- The Cost Benefit Analysis summarises the benefits in two parts; non-monetary and monetary. The non-monetary benefits are categorised as environmental, social and economic. Monetary economic benefits include cost savings of \$250,000 from costs associated with Headstone burning/dumping operations being eliminated and up to \$1,000,000 in savings from illegal dumping penalties, in the first year. Revenue expected to be generated in the first year includes; \$203,000 from sales of mulch, \$95,000 from fees and \$8,000 estimated income from recyclers.

Assessment details

The applicant claims the project will contribute the following economic benefit during construction:

- The creation of 4 direct FTE jobs and 40 indirect FTE jobs.
- Use of local goods, suppliers and employment where possible.

The applicant claims the project will contribute the following economic benefits after construction:

- Creation of 6 direct FTE jobs and 10 indirect FTE jobs.
- Create market opportunities for new businesses.
- Grow existing tourism and agriculture sectors.
- Potentially reduce costs over \$1 million from costs associated from dumping and penalties.
- Increase efficiency in the service delivery system.

These claims are supported by adequate evidence that is commensurate with the size and scope of the project:

- Detailed internal Business plan, prepared by the applicant.
- Detailed internal Cost benefit analysis, prepared by the applicant.
- Adequate internal Financial results and forward estimates, prepared by the applicant.
- Comprehensive Norfolk Island community strategic plan 2016-2026, prepared by the applicant.
- Letter of support from Director of National Parks Australia.
- Comprehensive Waste management strategic plan 2015, prepared by the applicant.

The case for economic benefit and delivery to the broader region is good. If claims are achieved, the project will have a moderate impact on the local area and the region.

The application could have been improved by:

- Referencing evidence for the claimed economic benefits.
- Providing an independent cost benefit analysis.
- Providing calculations and/or reasonable assumptions for the claimed economic benefits.

Merit Criterion Two: Social benefit

Summary (Score = 6.50 /10)

Outcome of Assessor's Appraisal: The application exceeded the benchmark for Criterion 2 because the social benefits have been defined, the applicant has provided a strong link between these claims and the project outcomes, and the claims are supported by adequate evidence.

Assessment details

The applicant has not made any claims of social benefit during the project.

The applicant claims the project will contribute the following social benefit after construction:

- Reduce the number of domestic backyard burning by 1,500 tonnes annually.
- Make the region a more attractive place to live and visit.
- Strengthening local community institutions, governance and leadership capacity.
- Increasing community volunteering.
- Improving community connections and social inclusion.
- Supporting and protecting local heritage and culture.

These claims are supported by adequate evidence that is commensurate with the size and scope of the project:

- Detailed internal Business plan, prepared by the applicant.
- Detailed internal Cost benefit analysis, prepared by the applicant.
- Comprehensive Norfolk Island community strategic plan 2016-2026, prepared by the applicant.
- Letter of support from Director of National Parks Australia.
- Comprehensive Waste management strategic plan 2015, prepared by the applicant.

The case for social benefit and delivery to the broader region is satisfactory. If claims are achieved, the project will have a moderate impact on the local area and the region.

The application could have been improved by:

- Quantifying the social benefit claims.
- More clearly defining the social benefit.
- More clearly demonstrating how the project will deliver the claimed social benefits.
- Providing current evidence.

Merit Criterion Three: Value for money

Summary (Score = 3.17 /5)

Outcome of Assessor's Appraisal: The application exceeded the benchmark for Criterion 3 because the applicant has demonstrated a need for funding. However, the application has low partnership participation and has not leveraged additional co-funding above the minimum requirement.

Assessment details

The assessment has determined that:

- the project will have one partner (the Applicant);
- cash to meet the co-funding requirement is confirmed (with appropriate evidence provided);
- 25% of the total project cost (cash only) will be met by co-funding;
- the evidenced partner contributions are as follows:
 - \$426,125, or 64% of the partner contributions, is cash;
 - \$243,750, or 36% of the partner contributions, is in-kind; and
 - totalling \$669,875 of contributions.

The level of community commitment is good as indicated by the applicant's sole cash and in-kind contribution.

Co-funding and contributions:

- Applicant - \$426,125 (Cash), appropriate evidence has been provided.
- Applicant - \$243,750 (In-kind), appropriate evidence has been provided.

The application could have been improved by:

- A greater, confirmed partner funding above the minimum requirement.

- A greater level of commitment from potential partners and the community. There was reference to supporters who were not included as contributors or partners on the project.
- Better addressing the extent and nature of the partnerships, including those of a non-financial nature, which were formed to develop and deliver the project.

Merit Criterion Four: Project delivery

Summary (Score = 3.80 /5)

Outcome of Assessor's Appraisal: The application exceeded the benchmark for Criterion 4 because:

- Applicant viability is assessed as strong.
- Project viability is assessed as reasonable.
- Project sustainability is assessed as strong.

This rating has been determined considering the scores for applicant viability and project viability, with a greater weighting being applied to project viability.

The applicant has demonstrated the capacity, capability and necessary resourcing to undertake the project. Project planning and sustainability documentation was provided by the applicant to support the project's viability. The applicant has the necessary experience to undertake the project. The applicant has demonstrated capacity to fund and sustain the project.

Assessment details

Assessment of the application and supporting documentation identified that:

- The applicant is financially viable and has capacity to fund the project:
 - the applicant does not have experience in managing projects of similar size.
- Project planning is commensurate with the scope and stage of the project:
 - planning is at a preliminary stage;
 - costings are detailed estimates or quotes that have been independently produced; and
 - statutory approvals have been identified and the applicant is the issuing authority.

The applicant has provided the following documentation to support their capacity and capability to undertake the project:

- Detailed internal Business plan, prepared by the applicant.
- Comprehensive internal Waste Management Strategic Plan 2015, prepared by the applicant.
- Comprehensive internal Asset and Risk Management Plan, prepared by the applicant.
- Detailed external Report on Organic Waste Recycling for Norfolk Island, prepared by C-Wise Soil Carbon Solutions.
- Detailed internal Composting and capital and ongoing estimates, prepared by the applicant.
- Detailed external Material and Equipment Quotes 2017, prepared by Pacific Materials Handling.

No risks were identified during the assessment.

The application could have been improved by:

- Stronger supporting documentation that demonstrated sufficiently progressed beyond the concept stage. Stronger supporting documentation to demonstrate that the project would be delivered and remain viable beyond the project.

- Identifying who is managing the project and why they are appropriate, including project governance and authority for any variations.
- Identifying who has authority to manage large issues and changes in the project.

Other considerations, including issues with proposed activities, time or expenditure

The Applicant has previously applied for:

- Building Better Regions Fund (Round 1) - \$1,710,000 - Solid Waste Disposal System to replace current unsustainable system - Not approved.
- Building Better Regions Fund (Round 1) - \$3,060,000 - Futureproofing Telecommunications in Norfolk Island - Not approved.
- Building Better Regions Fund (Round 1) - \$165,000 - Strengthening environmental governance Norfolk Island Regional Council – Approved.
- Building Better Regions Fund (Round 2) - \$187,500 - A Water Quality and Wastewater Management Strategy for Norfolk Island - Application received.
- Building Better Regions Fund (Round 2) - \$3,450,000 - Futureproofing Telecommunications in Norfolk Island - Application received.
- Building Better Regions Fund (Round 2) - \$187,500 - Airport Master Plan for Norfolk Island International Airport - Application received.
- Stronger Communities Program (Round 3) - \$20,000 - Upgrade of Toilet at Anson Bay – Approved.

Comments by State/Territory Government/Australian Government Agencies

Department of Infrastructure, Regional Development and Cities - Strongly Supported. The Norfolk Island Regional Council must implement sustainable waste management practices to comply with the requirements included in the soon to be released Marine Protected Area Management Plan for the waters surrounding Norfolk Island. This requires that current practices of ocean waste disposal must cease before June 2019. The costs of waste management are proportionately much higher for small and remote island communities and costs of investing in the infrastructure required is beyond the community's financial capacity. The funding proposal was developed in consultation with the Department of Environment and Energy.

Department of Environment and Energy

Parks Australia - The NI Regional Council (NIRC) is a relatively newly formed local govt body on NI taking over from the NI Govt. NIRC is the key agency for waste management and has taken over a very primitive sea dumping operation to now employing specific dedicated staff to manage waste in a best practise manner.

There is a high degree of alignment with priorities of Parks Australia.

Parks Australia is responsible for the management of the Norfolk Marine Park, within the Temperate East Network of Marine Parks, which was first proclaimed in November 2012. A management plan for the Temperate East Network was subject to a 60 day public consultation period from 20 September 2017. Since this time, the Director of National Parks has carefully been considering submissions received and preparing final management plans for consideration and approval by the Minister for the Environment and Energy. Once approved, the final management plans will be subject to a disallowance period in Parliament, prior to coming into effect. The final management plan will set out the approach Parks Australia will take in managing the Temperate East Marine Parks over the next ten years, including provisions to protect important marine habitats and features, while providing opportunities for people to continue to enjoy these unique areas.

In developing and consulting on the Temperate East Management Plan, Parks Australia has worked closely with the Norfolk Island Administration (and now the Norfolk Island Regional Council, NIRC) in relation to waste and waste water management.

The discharge of commercial and domestic waste (including sewage) into a marine park is prohibited under the Environment, Protection and Biodiversity Conservation Regulations 2000. When the Temperate East Management Plan comes into effect, current practises of waste and sewage disposal into Norfolk Marine Park will be prohibited, unless special, time bound arrangements are put in place with the NIRC.

As such, Parks Australia is highly supportive of projects which aim to improve Norfolk Island's management of waste and waste water. From the information provided, it appears that the scope of this proposal includes installation and management of an aerated compost system for organic waste streams, and a metal baler for vehicles, metals and whitegoods. Organic and Green waste is part of the waste regime and the composting system is a viable solution in an island context. The metal baler will be essential in modernising the current facility and will allow for recycling of scrap metal instead of the old sea dumping technique.

From the information provided, it is unclear if the scope of the proposal includes infrastructure to support management of other waste streams, or to upgrade the Island's sewage/waste water treatment and discharge facility. We assume the NIRC has checked all quarantine, import and customs issues

We are highly supportive of the bid as presented, but would have encouraged its scope (if it isn't already) to be expanded to encompass infrastructure improvements for all waste streams and waste water/sewage, as part of a comprehensive plan to improve all aspects of Norfolk Island's waste and waste water management.

Department of the Environment and Energy

Clean Energy Finance Corporation - CEFC Query whether they are doing any landfill gas recovery and use for electricity generation. Methane is 25 times more destructive than CO2 and if government is funding this through a grant they should insist this carbon liability is dealt with as it is probably economic. Possibly ERF eligible. Also query what Norfolk Island Regional Council is doing on waste gate fees - i.e. are they allowing people to dump for free.