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 **Food Waste for Healthy Soils**

 **Recycling Infrastructure Grants**

***Guidelines***

*November 2021*

# **Recycling Infrastructure Grants – Food Waste for Healthy Soils**

# **Guidelines for Commonwealth co-investment**

# Introduction

On 11 May 2021, as part of the National Soils Strategy, the Australian Government announced a $67 million Food Waste for Healthy Soils Fund program in the Federal Budget.

The Fund aims to support the diversion of nutrient-rich household and commercial organic waste from landfill to soils, with a $57 million investment to build new or enhance existing organic waste processing infrastructure to improve product quality or increase capacity.

Together with co-contributions from participating state and territory governments and industry, the Food Waste for Healthy Soils Fund will leverage over $170 million of investment to build new and improve existing organic waste recycling infrastructure to divert organic waste into nutrient rich compost and soil enhancers.

The remaining $10 million will be dispersed through separate mechanisms to fund the supporting elements including:

* updating Australia’s compost standards (AS4454-2012: Composts, soil conditioners and mulches) to ensure the compost products are fit for purpose, with amendments informed by the Review of Regulations and Standards for Recycling Organics in Australia
* undertaking community and industry education initiatives to reduce contamination in municipal and commercial organic waste streams, and
* stimulating end-market demand, especially within the agriculture sector.

Funding is over a four year period commencing in 2021-22 and concluding in 2024-25.

The South Australian government is participating in the Food Waste for Healthy Soils Fund through Green Industries SA.

# **About Green Industries SA**

Green Industries SA is an enabler and driver of change, supporting the development of the circular economy through diverse collaborations which improve productivity, resilience, resource efficiency and the environment. It aims to transform how South Australians use and value resources. Its objectives under the *Green Industries SA Act 2004* are to:

* promote waste management practices that, as far as possible, eliminate waste or its consignment to landfill; and
* promote innovation and business activity in the waste management, resource recovery and green industry sectors, recognising these areas present valuable opportunities to contribute to the state’s economic growth.

For more information visit [www.greenindustries.sa.gov.au](http://www.greenindustries.sa.gov.au).

# ***South Australia’s Waste Strategy 2020-2025***

Initiatives funded through the program will support [*South Australia’s Waste Strategy 2020-2025*](https://www.greenindustries.sa.gov.au/resources/sa-waste-strategy-2020-2025) which outlines actions that can contribute to the development of a circular economy in South Australia through:

* a clearly articulated policy and legislative framework that gives a solid platform for investment decisions and a stable and efficient market
* supporting innovation and commercialisation
* education, advocacy and awareness to support behavioural change in the way waste and resources are managed
* applying the waste management hierarchy consistently with the principles of ecologically sustainable development.

South Australia’s specific food waste strategy, [*Valuing our Food Waste: South Australia’s strategy to reduce and divert household and business food waste*](https://www.greenindustries.sa.gov.au/resources/valuing-our-food-waste)  integrates policy measures, behavioural change actions and support for industry and local government to increase the recovery of food waste for higher value uses within the biological circular economy.

# Application process

| Date | Event |
| --- | --- |
| November 2021 | Applications open |
| 4 January 2022 | Applications close  |
| End January 2022 | Green Industries SA assessment process completed |
| Early February 2022 | Recommended applications submitted to the Australian Government by Green Industries SA for assessment under Round 2 of the Food Waste for Healthy Soils Fund. |
| June 2022 | Minister for the Environment’s decision on successful second intake projects |

# Objectives of the Food Waste for Healthy Soils Fund

This funding forms part of the $214.9 million commitment by the Australian Government in the 2021-22 Federal Budget to improve and protect Australia’s soil.

The desired outcomes of the Food Waste for Healthy Soils Fund include:

* infrastructure upgrades and developments that support the diversion of organic waste from landfill
* increasing the quantity and improving the quality, safety and consistency of recycled organic waste, especially for use in the agricultural industry
* developing sustainable markets for high-value nutrient rich compost and soil conditioners.

This program will be an important element of the Government’s work on Target 6 of the National Waste Policy Action Plan (NWPAP) to *Halve the amount of organic waste sent to landfill for disposal by 2030*.

Through the NWPAP, governments have a goal to recover 80% of Australia’s organic waste materials by 2030. The Food Waste for Healthy Soils Fund will divert up to 3.4 million tonnes of organic waste from landfill.

By achieving the goal of 80% recovery for organic waste, this will:

* generate $401 million in industry value add towards the Australian economy
* support up to 2,700 additional jobs in the organic recycling industry
* avoid over 2 million tonnes of greenhouse gas emissions (the equivalent of taking nearly half a million cars off the road or planting over 23.1 million trees).

# Available funding and applicant co-contribution

Recycling Infrastructure Grants offered through this program represent a combined contribution from both the South Australian and Commonwealth governments. Applications for South Australian government funding from $20,000 to a maximum of $500,000 will be available, for large scale projects involving significant capital expenditure and of state significance.

Applicants are required to provide a minimum cash contribution of 33% of the requested grant amount, being 1/3 of the project cost (1:1:1 funding).

South Australian and Commonwealth funding will be contingent on projects gaining any necessary regulatory and planning approvals required to proceed to construction.

**Applicants that include a cash co-contribution of greater than 50% of the requested grant amount will be viewed favourably, as this will maximize the State and Commonwealth government’s return on investment.**

# Eligibility criteria

Commonwealth funding is to be applied for by state and territory governments and must include an industry partner.

Applications received by Green Industries SA will be assessed by a panel through a competitive process, with recommended projects submitted to the Green Industries SA Board and Minister for endorsement (nominally early February 2022). Supported applications will be submitted to the Australian Government by Green Industries SA for assessment under Round 2 of the Food Waste for Healthy Soils Fund.

The submission of an application does not guarantee funding.

Applications will need to meet the following criteria:

1. Applications must relate to a project to increase processing capacity or improve product quality of processed recovered, source segregated, organic waste that is either:
* a proposed new facility, or
* an improvement or expansion of an existing facility.
1. Applications must relate to a proposed project that is expected to be economically viable over its operational life.
2. Applications must relate to a project(s) that has not commenced, and will be commissioned and operational by 30 June 2025.
3. Applicants must:
* have a current Australian Business Number (ABN),
* be registered for GST,
* not be insolvent and do not have owners/directors who are an undischarged bankrupt.

What will **not** be funded:

1. Projects that:
* do not meet the eligibility criteria of the Food Waste for Healthy Soils Fund
* have outcomes that are not directly attributable to the desired outcomes of the funding, such as:
* Mixed Waste Organic Outputs (MWOO) facilities
* Mechanical Biological treatment (MBT) facilities
* infrastructure to facilitate the collection and redistribution of edible food waste to food rescue charities
* food waste disposal such as insinkerators, macerators, food dehydrators
* extending capacity for receipt of waste, for example: FOGO collection and transport infrastructure, such as gate fees, kitchen caddies and bags/bin liners, bins and vehicles
* do not clearly demonstrate a need for Government support.
1. Applicants (including other project participants, being industry partners or major subcontractors) who:
* have failed to adequately address an environmental or safety breach or cannot demonstrate they are working effectively to resolve the breach
* are subject to current industrial relations investigation or prosecution
* have failed to satisfactorily progress or complete previous projects funded by Green Industries SA or other government agencies within funding program timelines and without sufficient reason.
1. The following costs are ineligible for matched funding contributions:
* in-kind contributions
* purchase of land
* permit, licencing and approval costs
* routine or cyclical maintenance works
* ongoing operational costs such as, but not limited to, salaries, electricity, water and other utilities
* leasing of equipment - equipment must be purchased outright
* costs of equipment not dedicated to the project purpose
* pre-construction (site preparation) activities such as site clearing, earthworks or site

accessibility works

* the repair of facilities damaged by vandalism, fire or other natural disasters where the damage should be covered by insurance
* business case development
* feasibility studies
* Salaries, studies, investigations or research and development activities
* Education and training programs
* contingency costs.

# Privacy and commercial-in-confidence considerations

All applications will be treated as commercial-in-confidence. Green Industries SA reserves the right to include third party evaluations as part of the assessment process. The South Australian Government and Commonwealth Government have the ultimate discretion in relation to publicity for successful applications. Applicants are not permitted to publicise their projects without the approval in the first instance of Green Industries SA, who will liaise with the Commonwealth Government accordingly.

# Insurance

For the duration of the project, the proponent must maintain workers compensation insurance, public liability insurance for a minimum of $10 million per claim and personal accident insurance of $100,000 per participant.

# Funding agreement

Successful applicants will be required to enter into a funding agreement with the South Australian Government (Green Industries SA). This agreement will set out the terms of the grant, conditions, payment schedules, project timing, key performance indicators, reporting requirements and other matters.

The South Australian Government and Commonwealth Government must be acknowledged in all media and promotional activities relating to the project. All publicity must be approved in the first instance by Green Industries SA, who will liaise with the Commonwealth Government accordingly. A copy of a standard funding agreement can be provided on request.

The funding agreement must be signed within 30 days of receipt to guarantee the grant acceptance.

## Reporting

Following commissioning of equipment Green Industries SA requires successful applicants to provide reports, usually after six to 12 months, however this will be determined on a case by case basis and in accordance with Commonwealth Government requirements. Reports will require information on products received for processing and the material types, processing outputs (tonnes), jobs created both during construction and operation. Reporting and payment milestone timelines will be agreed with the applicant before funding is offered and included in funding agreements.

# Assessment criteria

Applications will be assessed with reference to the weighting against each criterion as outlined on the following table.

Green Industries SA will take into consideration the extent to which the project supports objectives in [*South Australia’s Waste Strategy 2020-2025*](https://www.greenindustries.sa.gov.au/resources/sa-waste-strategy-2020-2025), [*Valuing our Food Waste, South Australia’s strategy to reduce and divert household and business food waste*](https://www.greenindustries.sa.gov.au/resources/valuing-our-food-waste) and address infrastructure capacity needs identified in [South Australia's Waste and Resource Recovery Infrastructure Plan](https://www.greenindustries.sa.gov.au/resources/south-australias-waste-and-resource-recovery-infrastructure-plan-2018).

|  | Criterion | Weighting |
| --- | --- | --- |
| **1. What** | The project meets the objectives of the Food Waste for Healthy Soils Fund:* increases the recovery and reprocessing of source separated organic waste into quality composts and soil conditioners (also include how feedstocks and outputs will be monitored and assessed to ensure safety and quality of end products)
* increases the use and market demand of the end products, especially for use on agricultural soils
* supports employment and long-term economic growth and development.

The project is viable, including demonstration of:* technology and infrastructure (including contamination identification and removal and capacity to adapt to any changes to the Australian Standards which may increase minimum product requirements)
* feedstock sourcing and output capacity
* landfill diversion and end markets.
 | 40 points |
| **2. Who** | Demonstrate capability and capacity to successfully deliver the project, including:* the industry partner’s track record in managing similar projects and access to any resources such as infrastructure, capital equipment or technology required to deliver the project
* appropriate governance structures to support the implementation of the project
* appropriate commercial structures and contractual agreements are, or will be, in place
* stakeholder (including local community) engagement considerations to support the implementation of the project.
 | 20 points |
| **3. How** | Demonstrate ability to successfully deliver the project including:* sound project planning to manage and monitor the project addressing scope, implementation methodology, timeframes, budget and risk management, including mitigation of health risks and possible project delays associated with the current COVID-19 pandemic
* appropriate site considerations
* regulatory, statutory and works approvals will be achieved
* the level and appropriateness of financial support provided.

Financial viability of the completed facility demonstrated through financial assessment and cost benefit analysis:* level and certainty of the economic viability over the completed facility’s operational life
* a strong monitoring and evaluation framework is or will be in place to track the performance of the completed facility, including surge capacity planning.
 | 20 points |
| **4. Why** | Demonstrate why the project is needed:* the need for government financial assistance, including any impacts on scope and timing if not funded
* project benefit (e.g. fills a processing capacity gap or a market demand)
* economic benefit (e.g. jobs growth, industry value)
* social benefit (e.g. community value, benefit sharing)
* environmental benefit (e.g. reduction in environmental impacts)
* policy and regulatory alignment (e.g. project outcomes align with the Australian Government’s agenda around waste reduction, recycling and soil health).
 | 20 points |
| **Diversity** | Rankings may be overlaid to achieve a mix of projects that represent:* a geographical spread across Australian jurisdictions that addresses regional, remote and metro waste challenges
* a diversity in project types (i.e. innovative), especially those that increase resilience of markets
* consortium projects that address cross-jurisdictional gaps.
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