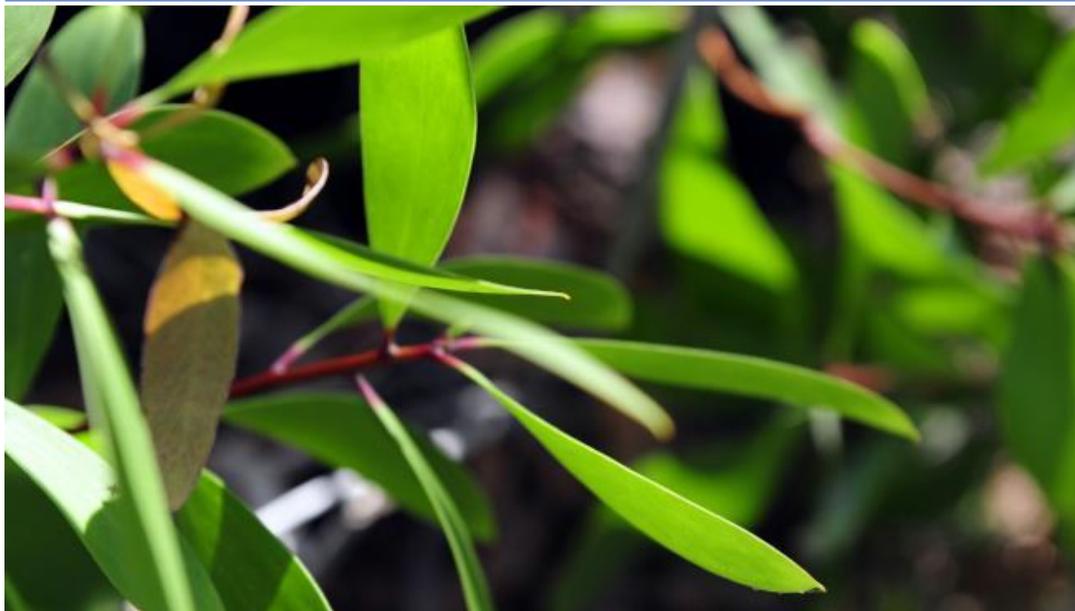


INCA CONSULTING

EVALUATION OF ENVIRONMENTAL LEVY 2

2012-2015

Final Report



Prepared for: Ku-ring-gai Council
6 September 2016

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EXECUTIVE SUMMARY

The Environmental Levy is a 5% levy on rates, which is used to fund a range of environmental projects and programs within the LGA. The levy commenced in 2005 and will continue until 2019. It raises around \$2.5 million per year.

Council commissioned the evaluation to answer the following four questions in relation to the operation of the Environmental Levy from 2012-2015:

1. To what degree do initiatives funded by the levy align with Council's broader environmental objectives?
2. What contribution is the Environmental Levy making toward achieving these objectives?
3. To what degree is Council's role in the administration and governance of the Environmental levy effective?
4. Is there sufficient transparency around the administration and achievements of the levy and the initiatives funded?

Change in focus

In the first four years of Environmental Levy 2, just \$7.1 million has been expended across six program areas. The largest expenditure of funds has been in biodiversity (24%) and administration and governance (24%), which includes the employment of program-specific staff. Some key features of Levy 2 compared with Levy 1 have been:

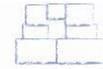
- Reduced spending on water projects, in part because many of the priority water projects were achieved under Levy 1, and also because of changing community priorities once drought conditions eased
- Increased resources for coordination of Levy projects
- Increased focus on energy and sustainable transport projects, reflecting Council's recent priorities around energy efficiency and liveability.

Alignment with Council's broader objectives

There is a high level of alignment of Environmental Levy activities and projects with Council's broader environmental and sustainability goals.

Contribution to achieving Council's environmental objectives

- The Levy has facilitated a range of environmental achievements in its second phase, including regeneration of nearly 60 hectares of bushland each year, permanent preservation of 99 hectares of bushland containing threatened species, funding of 58 community projects, support of more than 700 Bushcare/Parkcare/Streetcare volunteers, installation of 112 kilowatts of solar PV and 150 LED lights in Council facilities, installation of close to 6km kilometres of bike paths and maintenance of 17 biofilter gardens and 15 stormwater water harvesting sites.



- The Levy is helping Council to meet its environmental targets and obligations, such as its targets for reduction of greenhouse gas emissions and obligations to protect threatened species.
- The Levy has funded environmental projects that would otherwise not have been funded or might have been funded at a significantly lower level. The use of Levy funds for some projects has also avoided the need to divert general Council funds from other projects and program areas.
- The Levy has enabled Council to secure significant external funding from the NSW Government and other funding sources. The Levy raises about \$2.5 million per year, but has leveraged over \$3.2 million in grant funding in 2012-15, and over \$9.4 million since 2005. This has enabled Council to fund significant projects that have long-term sustainability benefits.
- The Levy has enabled Council to effectively project manage and resource programs through the employment of staff to focus on these programs. Levy 2 has provided funding for 6 full time staff, 9 part-time staff and 2 casual staff to manage and deliver programs.
- The Levy has enabled Council to make improvements more sustainable, by funding the cost difference between standard upgrades and more efficient and sustainable upgrades (eg in air conditioning systems).
- However outcomes have been limited in some program areas due to coordination and management issues across Council departments which have made for slow progress on certain projects. This is reflected in the significant underspending of the allocated budget.

Effectiveness of administration and governance

There is good evidence of Levy administration and governance being both effective and transparent. Effective program management is provided by a dedicated Environmental Levy Project Leader, who is overseen by the Manager, Environment and Sustainability. There are clear processes for decision making, budgeting, management, reporting and accountability. Leadership has been demonstrated both within Council through implementation of internal projects to improve sustainability and sustainable thinking, as well as in the local government sector more broadly through participation on national and international flora and expert panels.

Transparency around administration and achievements

Evidence was provided of systematic monitoring and reporting of outcomes which are also reported in Council's Annual Report. The application and assessment process for small grants is transparent and perceived as being straightforward by those who have applied for funding.

Achievements of the Environmental Levy have been made public through a series of document releases and communication channels, including Council's Annual Report,

Environmental Levy specific reports, the Loving Living Ku-ring-gai Facebook page and Twitter account, the monthly *Sustainability e-News*, and the Green Talks program. An Environmental Levy Communications Strategy identifies key audiences, messages and strategies for improving the community's understanding of the benefits of the environmental levy.

Conclusion

The evaluation has found that the Environmental Levy is a key factor that allows Ku-ring-gai Council to remain a leader in sustainability and environmental protection. The Levy funds a wide range of programs and projects that not only help, but in some areas solely facilitate, Council's progress towards meeting its environmental targets. Many key environmental outcomes are down to the financial boost provided by the Levy – for example regeneration of large areas of bushland, protection of significant fauna and flora species, reduction of urban impacts of stormwater on riparian zones, reduced reliance on urban water supplies, reduction in potable water use, cleaner streams and creeks, a community more engaged in environmental issues and projects, and a reduction in Council's energy use and greenhouse gas emissions. Improvements do need to be made to the management and coordination of projects across Council departments to promote more timely achievement of milestones.

The Levy not only allows Council to undertake this work that raises the bar on sustainability in the LGA, but it does so without the need to divert funds from other program areas or general Council coffers. For these reasons, the Environmental Levy is a key way in which Council is able to not only deliver on environmental outcomes, but also to lead the way.

1. INTRODUCTION

1.1 Background

The Environmental Levy is a 5% levy on rates, which is used to fund a range of environmental projects within the LGA. The levy commenced in 2005 and will continue until 2019. It raises around \$2.5 million per year.

The first levy program operated from 2005 to 2011. An independent evaluation of this first program was undertaken in 2011-12 and a number of recommendations were made for improving program effectiveness, efficiency and monitoring. These included:

- More clearly defining the program objectives and targets and developing an evaluation framework around these
- Improving communication about the Environmental Levy across Council
- Improving communication and engagement across Council teams in relation to the Levy
- Investigating the ongoing usefulness of the Open Space Reference Committee to provide community input and accountability.

The second levy program, known as Environmental Levy 2, commenced in 2011/12 and is due to expire in 2019. The Environmental Levy 2 program is designed to deliver a range of environmental initiatives including stormwater filtration and harvesting, renewable energy and energy efficiency projects, fire trails and fire breaks, weed control and bushland regeneration, community recreation facilities, community environmental education and volunteer programs, community small grants, sustainable transport and environmental monitoring.

The Environmental Levy 2 program is now at the midpoint and Council wished to evaluate the effectiveness of the program in delivering on outcomes. The evaluation will assist Council to improve delivery for the balance of the program period through to conclusion of the program in 2019.

1.2 Evaluation objectives

Council commissioned the evaluation to answer the following four questions:

1. To what degree do initiatives funded by the levy align with Council's broader environmental objectives?

2. What contribution is the Environmental Levy making toward achieving these objectives?
3. To what degree is Council's role in the administration and governance of the Environmental levy effective?
4. Is there sufficient transparency around the administration and achievements of the levy and the initiatives funded?

1.3 Methodology

The evaluation was undertaken using the following approach.

Desktop review

Key documents relating to the Environmental Levy's establishment, operation and monitoring were reviewed. Documents included summary reports for Environmental Levy projects, planning documents, communications materials, financial statements, and the first evaluation report.

Staff interviews

Interviews were conducted with nine Council staff members concerning the achievements and benefits of the Environmental Levy, as well as areas in which improvements could be made. This included interviews with managers and staff from the sustainability team, senior Council staff and staff from other Council departments. Eight staff members were interviewed for the evaluation.

Feedback from community members who have participated in a Levy program

Interviews were conducted with, or written feedback provided by, six community members who were involved in projects funded by the Environmental Levy. These included a range of project types including bushland preservation and Bushcare, Biobanking projects, community gardens, business partnership programs and environmental workshops.

2. FINDINGS AGAINST THE TERMS OF REFERENCE

2.1 Allocation of funds across program areas

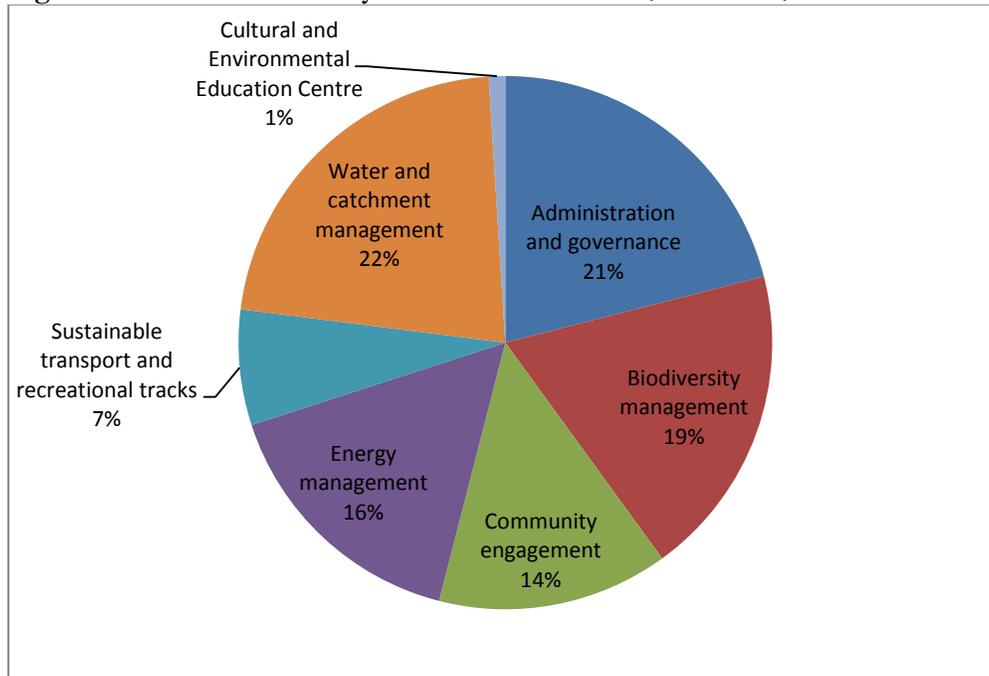
The first four years of Environmental Levy 2, generated \$9,797,900 for six program areas. Table 1 sets out the allocations by year and program area. The largest allocation of funds was for water projects (22%), followed by biodiversity management (19%) and energy management (16%).

Table 1: Environmental Levy 2 funds allocated 2011/2 to 2014/15

	2011-12	2012-13	2013-14	2014-15	Total 4 years
Administration and governance	\$157,000	\$530,100	\$638,200	\$718,725	\$2,044,025
Biodiversity management	\$291,500	\$654,000	\$454,000	\$456,258	\$1,855,758
Community engagement	\$308,000	\$385,800	\$377,200	\$350,357	\$1,421,357
Energy management	\$668,000	\$195,000	\$472,200	\$254,916	\$1,590,116
Sustainable transport and recreational tracks	-	\$140,000	\$210,000	\$289,520	\$639,520
Water and catchment management	\$949,000	\$491,500	\$290,000	\$395,560	\$2,126,060
Cultural and Environmental Education Centre	-	-	\$50,000	\$71,064	\$121,064
Total	\$2,373,500	\$2,396,400	\$2,491,600	\$2,536,400	\$9,797,900

Figures 1 and 2 compare the ways funds were allocated in Levies 1 and 2.

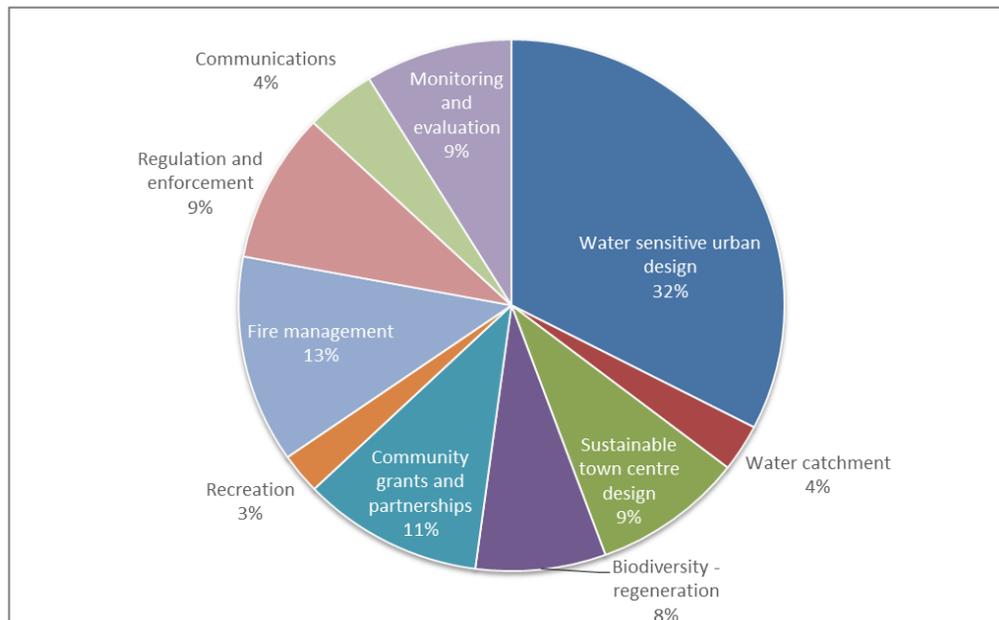
Figure 1: Environmental Levy 2 funds allocated 2011/12 to 2014/15



Source:

Ku-ring-gai Council's long term financial plans

Figure 2: Environmental Levy 1 funds allocated 2005/6 to 2010/11



Source: Banarra (2011) *Ku-ring-gai Municipal Council Environmental Levy Evaluation Report 2011*

Key features of the allocation of funds for Levy 2, compared with Levy 1, include:

- Decreased spending on water and catchment management

- Increasing budget allocation for energy projects as Levy 2 progresses and energy projects are scoped out, reflecting Council's priorities around energy efficiency.
- Increased focus on recreation projects (including sustainable transport, walking tracks and fire trails), reflecting Council's recent priorities around liveability.
- Increased allocation for coordination of Levy projects, with coordination functions moving out of program budget lines, as well as an increase in staff funded by the Levy.

However, significantly fewer funds were actually expended on Environmental Levy 2 projects than were allocated (Table 2).

Table 2: Environmental Levy 2 Funds Expended 2011-2 to 2014-15

	2011-12	2012-13	2013-14	2014-15	Total 4 years
Administration and governance	\$10,345	\$494,092	\$605,817	\$638,666	\$1,748,920
Biodiversity management	\$408,082	\$560,976	\$421,253	\$348,443	\$1,738,754
Community engagement	\$329,258	\$302,329	\$319,679	\$351,718	\$1,302,984
Energy management	\$39,765	\$59,435	\$117,417	\$221,543	\$438,160
Sustainable transport and recreational tracks	-	\$136,876	\$238,800	\$150,344	\$526,020
Water and catchment management	\$436,754	\$525,294	\$246,257	\$188,353	\$1,396,658
Cultural and Environmental Education Centre	-	-	\$1,449	\$2,079	\$3,528
Total	\$1,224,204	\$2,079,002	\$1,950,672	\$1,901,146	\$7,155,024

Source: Ku-ring-gai Council Finance department data

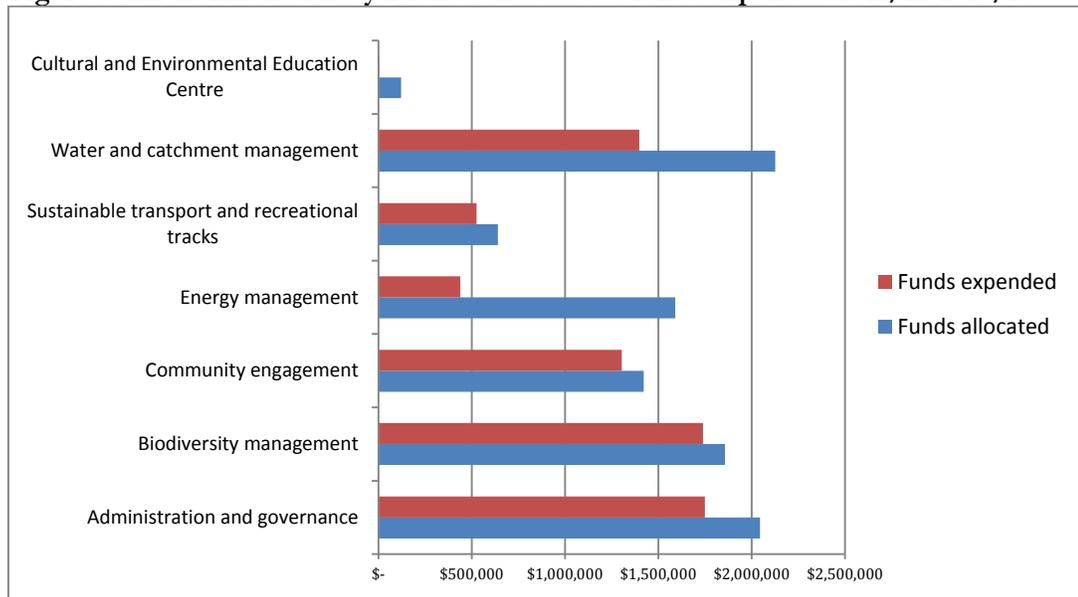
Over the four years, \$7.15 million of the \$9.80 million allocated was expended, with between \$317,367 and \$635,254 of funding each year (and \$1.15 million in 2011/2)

rolled over to the following year. As Figure 3 shows, underspending occurred in all program areas, but the biggest areas of underspend were:

- Energy projects (28% of allocation spent) – due to the quarantining of a significant amount of funds (\$665,000) for future energy efficiency works relating to the purchase of and relocation of Council’s administration building to 828 Pacific Highway, and the time and resources needed to effectively plan and deliver energy projects (which has lead to an additional staff member being employed). Excluding the quarantined funding, 47% of energy project funding was expended.
- Water and catchment management (66% spent) – due to significant delays in some water projects.

This issue of project delays is discussed in detail in Section 2.4.

Figure 3: Environmental Levy 2 funds allocated vs funds expended 2011/12-2014/15



Environmental Levy 2 has funded a wide range of projects. Examples of the projects are provided in Table 3.

Table 3: Types of projects funded by Environmental Levy 2

<p style="text-align: center;">Biodiversity</p> <ul style="list-style-type: none"> • Bush regeneration • Monitoring & inspection • Ecological burns • Biobanking • Bushfire mitigation • Riparian weed control • Reserve management 	<p style="text-align: center;">Community</p> <ul style="list-style-type: none"> • Small community grants • Bushfire education • Bushcare, Streetcare, Parkcare • Interpretive signage • Sustainability e-news • Environmental art • Earth Hour events • Festival on the Green • Tree Planting Day • Environmental and sustainability workshops • WildThings program • Social media 	<p style="text-align: center;">Water & catchment</p> <ul style="list-style-type: none"> • Installation of water quality devices • Installation of water tanks • Water monitoring • Flood studies • WSUD around assets • Stormwater harvesting • Catchment management research • Water Smart program
<p style="text-align: center;">Energy</p> <ul style="list-style-type: none"> • Solar PV installation • LED lighting upgrades • Upgrade to solar heat pumps • Energy Smart Savers program • Enhancement of air conditioning upgrades 	<p style="text-align: center;">Recreation/Sustainable transport</p> <ul style="list-style-type: none"> • Cross-LGA bicycle paths • Bicycle route signage • Destination hardware 	<p style="text-align: center;">Administration</p> <ul style="list-style-type: none"> • 9 FT, 5 PT & 3 casual staff positions to manage and deliver Environmental Levy projects and programs • Monitoring & reporting • Evaluation

2.2 Alignment with Council’s broader environmental objectives

Council’s environmental objectives are outlined in key planning documents including the Community Strategic Plan 2013 and the Revised Delivery Program 2013-2017 and Operation Plan 2015-2016. In Table 3 (over page) it is clear that there is a high level of alignment of Environmental Levy activity and projects with Council’s broader environmental and sustainability goals.



Table 3: Alignment of Environmental Levy program areas with Delivery Program & Operation Plan

Long term objective		Delivery program term	Delivery program critical actions	Environmental Levy program areas & projects	Related Council policies/plans
N1.1	A community empowered with knowledge, learning and information that benefits the environment.	Increased community understanding of the value of the natural environment and local environmental issues and impacts	Expand communication mechanisms and channels to broaden community outreach and participation	<i>Community & culture</i> – Loving Living Ku-ring-gai events program (a range of talks, walks, festivals, and workshops), Sustainability e-news, interpretive signage, social media, Environmental Levy Communications Strategy, Better Business Partnership, education and leisure activities at the Wildflower Garden	<i>Sustainability Vision Report</i>
		Increased community action that benefits the environment	Development of environmental resources, tools and targeted education programs for a range of user groups.		
N2.1	Our bushland is rich with native flora and fauna.	Strategies and plans are relevant and implemented to improve the conservation and recovery of flora and fauna.	Implementation of Bushland Reserves Plan of Management Implementation of Biodiversity Policy Bushland maintenance activities are undertaken in accordance with adopted strategies and plans to enhance flora and fauna. Integrated monitoring and evaluation framework informs investment and management priorities in our bushland.	<i>Biodiversity</i> – eg Bushcare, Biobanking projects, riparian weed control, bush regeneration projects, bushfire management, track and trail maintenance, reserve management, community projects	<i>Biodiversity Strategy</i> <i>Bushland Reserves Plan of Management</i> <i>Weed Management Policy</i>
		Ecological protection and understanding is integrated within land use planning	Effective guidelines, processes, training and monitoring are in place to ensure ecological protection is integrated within land use planning. Assessment and regulatory actions contribute to improved water quality through application of appropriate DA conditions, assessments of stormwater management and protection of waterways		



Long term objective	Delivery program term	Delivery program critical actions	Environmental Levy program areas & projects	Related Council policies/plans	
		throughout the entire development process.			
N3.1	Our natural waterways and riparian areas are enhanced and protected	The condition of natural waterways and riparian areas have improved and water harvesting and reuse has significantly increased.	<p>Best practice research informs Council's water management programs.</p> <p>Implementation of Integrated Water Cycle Management Policy and Strategy.</p> <p>Ensure maintenance programs are in place for Council's Water Sensitive Urban Design (WSUD) devices.</p> <p>Ensure water harvesting devices are operating to capacity.</p>	<p><i>Water</i> – maintenance of WSUD devices, stormwater harvesting maintenance, riparian and creek restoration projects, community projects, installation of sediment and filter basins and biofilter gardens, creek stabilisation works, weed removal, stormwater harvesting projects, community engagement through the Water Smart program and creek water quality and macroinvertebrate sampling</p> <p><i>Biodiversity</i> – riparian weed control, ecological burns</p>	<p><i>Riparian Policy</i></p> <p><i>Biodiversity Strategy</i></p> <p><i>Bushland Reserves Plan of Management</i></p> <p><i>Integrated Water Cycle Management Policy</i></p> <p><i>Integrated Water Cycle Management Strategy</i></p>
		Ecological protection of our waterways is integrated within land use planning			
N4.1	A community addressing and responding to the impacts of climate change and extreme weather events.	The community is effectively informed and engaged on climate change issues	Programs are being implemented to build community resilience to the impacts of climate change and extreme weather events.	<p><i>Climate Change Policy</i></p> <p><i>Greenhouse Gas Reduction Action Plan</i></p> <p><i>Bushfire Management Policy</i></p>	
		Council's vulnerability to climate change is reduced	Develop initiatives to build Council's capacity to prepare, respond and recover to the increasing severity and frequency of extreme weather events as a result of a changing climate		
N5.1	A community progressively reducing its consumption of resources and leading in recycling and	The community is responsible and engaged in improved recycling and reduction in resource use	Recycling services are provided and waste recycling and avoidance education is enhanced.	<p><i>Community</i> – delivery of Smart Units, Energy Smart Savers and Water Smart programs, to assist the community to reduce energy and water use.</p> <p>Participation in Love Food</p>	<p><i>Integrated Water Cycle Management Policy</i></p> <p><i>Integrated Water Cycle Management Strategy</i></p>
		The community is responsible and engaged in energy and water conservation and efficiency programs	Implement educational programs to assist the community to reduce energy and water.		



Long term objective	Delivery program	term	Delivery program critical actions	Environmental Levy program areas & projects	Related Council policies/plans
reuse				Hate Waste program	
C3.1	A community where opportunities are provided for all voices to be heard and where community stewardship, participation and engagement is supported and promoted	Volunteers are valued, recognised and supported in providing services to the community	<p>Volunteer programs are developed and implemented across the LGA</p> <p>Volunteers are supported through training and participation</p> <p>Volunteers are recognised for their contribution to the local community</p>	Biodiversity – Bushcare, Streetcare, Parkcare groups and training,	Asset Management Plan
C7.1	An aware community able to respond to the risk to life and property from emergency events	Plans are developed in partnership with emergency service agencies and key stakeholders and implemented	<p>In conjunction with State agencies and key stakeholders develop, review and implement Emergency Management Plans</p> <p>Develop Floodplain Risk and Storm Management Plans for local catchments</p>	<p>Biodiversity - Fire trail, fire break and hazard reduction maintenance, Bushfire Risk Management Plan</p> <p>Catchment - Floodplain risk study</p>	<p>Climate Change Policy</p> <p>Greenhouse Gas Reduction Action Plan</p> <p>Bushfire Management Policy</p>
P3.1	The built environment delivers attractive, interactive and sustainable living and working environments.	A high standard of design quality and building environmental performance is achieved in new development.	Council progressively encourages sustainability design principles into development application process.	Smart Homes web resources, Speed Date a Sustainability Expert event	Building and development plans and controls
P5.1	Ku-ring-gai's heritage is protected	Strategies, plans and processes are in place to effectively protect and preserve Ku-ring-gai's heritage assets.	Protect and effectively manage Ku-ring-gai's Aboriginal heritage assets in conjunction with the Aboriginal Heritage Office.	Aboriginal heritage training for staff	



Long term objective	Delivery program term	Delivery program critical actions	Environmental Levy program areas & projects	Related Council policies/plans
P7.1	Multipurpose community buildings and facilities are available to meet the community's diverse and changing needs.	Standards are developed to improve the condition and functionality of existing and new assets.	Council progressively introduces sustainability performance standards for Council buildings and facilities Council implement an energy and water conservation and efficiency program for Council buildings and facilities..	<i>Energy</i> – LED lighting upgrades, HVAC upgrades, solar PV installation and appliance upgrades <i>Asset Management Plan</i>
T1.1	A range of integrated transport choices are available to enable effective movement to, from and around Ku-ring-gai.	Public transport connections are accessible to all age groups and match the travel needs of the community.	An improvement plan is being implemented for bus stops, bus shelters, bikeways, and footpath networks having regard for the access, health and recreational needs of the community	<i>Sustainable transport</i> – development of cycleways, bike parking facilities, supporting infrastructure <i>Community</i> – Ride 2 Work Day <i>Integrated Transport Policy</i> <i>Integrated Transport Strategy</i> <i>Traffic and Transport 10 Year Plan 2011-2021</i>
		A network of safe and convenient links to local centres, major land uses and recreational opportunities is in place	Implement appropriate recommendations from the Ku-ring-gai Integrated Transport Strategy	
L3.1	The organisation is recognised and distinguished by its ethical decision-making, efficient management, innovation and quality customer service.	The organisation is recognised as a leader in sustainability	Sustainability is integrated into Council's business framework Monitoring and reporting on sustainability performance informs investment and management priorities	<i>Community</i> - Council's staff sustainability network, the Ku-ring-gai Greenbacks (KGB). Environmentally Sensitive Lands training, Corporate Sustainability Action Plan Working Group <i>Energy</i> – reduction of greenhouse gas emissions due to energy efficiency projects <i>Water</i> – reduction in water use due to WSUD projects <i>Corporate Sustainability Action Plan</i>

2.3 Contribution to achieving Council's environmental objectives

The Levy has facilitated a range of environmental achievements

A wide range of projects have been undertaken with the approximately \$2.5 million per year in Environmental Levy 2 funding. Table 4 below summarises some of the most notable achievements over the first four years of Environmental Levy 2.

Table 4: Environmental Levy achievements – 2011-15

Levy program	Achievements
Biodiversity management	<ul style="list-style-type: none"> • Average of 59.3 ha of bushland regenerated each year • Nearly 178 ha of hazard reduction burns • 99 ha of bushland preserved in perpetuity via Biobanking Agreement • 6.46 km of fire trails upgraded • 430 native stingless bee hives distributed to residents • 70 <i>Pool to Pond</i> conversions (reducing energy use and costs and promoting biodiversity)
Community engagement	<ul style="list-style-type: none"> • \$183,605 distributed in small grants for 58 projects over 4 years • More than 700 Bushcare, Streetcare and Parkcare volunteers supported, contributing around 12,000 hours of unpaid labour each year • 4 additional Aboriginal heritage sites identified • 181 <i>Better Business Partnership</i> members • Over 4,000 people engaged each year in environmental education events and programs
Energy management	<ul style="list-style-type: none"> • 150 LED lights installed at Council facilities (to March 2016) • 112 total kilowatts of solar PV capacity installed across all Council buildings since 2011 • Secured commitment from council that money saved through energy efficiency work would be channelled back into more energy efficiency projects.
Sustainable transport and recreational walking tracks	<ul style="list-style-type: none"> • Close to 6 km of bike paths installed • Walking tracks upgraded
Water and catchment management	<ul style="list-style-type: none"> • Waterway health monitoring, including water and macro invertebrate sampling on 17 creek sites. • Water quality testing and use monitoring for 15 stormwater harvesting systems. • 17 biofilter gardens systems maintained

	<ul style="list-style-type: none"> • 15 storm water harvesting sites maintained • 2 sewer mining sites and two leachate sites maintained • 10% reduction in water consumption across Council assets between 2010 and 2014, equating to approx. \$50,000 annual cost reduction (relative to 2010). • 35 tonnes of sediment and litter have been diverted from entering the creek system by collected debris removed from biofilter gardens
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The Levy is helping Council to meet its environmental targets and obligations

The major focus of Environmental Levy 1 was *water*, which reflected the environmental and community priorities of the time around drought alleviation. Over one-third of projects were water focused in Levy 1 – eg WSUD projects, stormwater harvesting, water tanks, filtration devices and catchment protection. Once many of the priority water projects were completed, and with the alleviation of drought conditions, Council priorities shifted to energy efficiency and sustainable transport projects.

The shift to energy projects has been driven by priorities set out in Council’s *Community Strategic Plan, Climate Change Policy and Greenhouse Gas Reduction Action Plan*. Council has set targets to reduce greenhouse gas emissions from fixed assets, street lighting and vehicles by 20% by 2020, 50% by 2030 and 100% by 2045 (based on 2000 levels). At present, Levy funded projects are the main contributor to Council trying to meet these targets. The alleviation of drought conditions, along with the significant achievements made under Levy 1 in terms of addressing water security and quality, has enabled a shift toward energy efficiency programs that will help Council to progress towards these targets.

Biodiversity programs continue to be a major area of Environmental Levy program expenditure because of Council’s legislated responsibility to protect threatened species and Endangered Ecological Communities (EECs). The focus on biodiversity activities also reflect more broadly the community’s priority to preserve natural places and species, as articulated in the *Sustainability Vision Report (2008)*, in which residents identified bushland and open space as the community’s biggest assets. Stakeholders consulted for this evaluation agreed that Levy funds were important for achieving biodiversity outcomes:

“Funds from the Environmental Levy have been essential for rescuing the native vegetation from invasive weeds, especially canopy tree destroying vines.”

“We’ve been able to open up three new reserve areas and have brought the weeds under control”.

The Levy has funded environmental projects that would otherwise not have been funded

A range of large and smaller projects have been funded by Levy 2 that otherwise would not have been funded within existing budget allocations, or might have been funded at a significantly lower level. The use of Levy funds for some projects has also avoided the need to divert general Council funds from other projects and program areas.

One example is the cycleway network. Prior to funding by the Environmental Levy, the network was planned on paper, but secure funding had not been identified to progress the development. With around \$713,000 in funding from the Environmental Levy (over eight years), the project has been able to secure matched grant funding from NSW Roads and Maritime Services, providing sufficient funds to progress the cycleway network. In the first four years of the funding period, nearly six kilometres out of a total of 12-15 km of the cycleway network have been completed. Staff commented that without funding from the Environmental Levy, a much cheaper and inferior option for cycleway development would have resulted and progress would have been slower. It would also have made it difficult for Council to deliver on its Sustainable Transport Strategy.

Other programs that are unlikely to have been undertaken had the Levy not provided funding include:

- *Environmental small grants program*, which distributes grant funds up to \$5000 to around 15 community projects each year.

“We find it a very valuable tool. It’s a good way for community groups like us to achieve what we want to achieve in terms of preserving our precious environment”.
(Grant recipient)

- *Wild Things* program (incorporating the native bee hive program and Pool to Pond program)
- The extensiveness of the *water management program*, eg installation of sediment and filter basins, biofilter gardens, creek stabilisation works, weed removal, stormwater harvesting projects, community engagement and creek water quality and macroinvertebrate sampling.
- *Bushcare, Streetcare* and *Parkcare* programs in their current forms, with expert training and resourcing.

“It enables us to put on trainers to look after 120 volunteers. It also enables us to do projects that are big, but not a priority. If outdoor staff do it, then it’s a once off, not a constant, regular maintenance program.” (Coordinator, Parkcare)

- Bush regeneration program
- Energy efficiency program
- Fire trail fire break maintenance program
- Better Business Partnership, which provides a sustainability advice service to small and medium businesses in Ku-ring-gai. As one participant commented, *“It puts people in the picture. We have an interest in being part of the community. More businesses need to take advantage of it”*.
- *Water Smart*, which offers water rebates on rainwater tanks and a workshop series to all Ku-ring-gai residents
- *Energy Smart Savers*, which provides smart home energy monitors, rebates for energy efficient pool pumps and regular information sessions on energy efficiency and solar power
- *Smart Units*, which provides unit blocks with energy, water and waste audits and tailored action plans
- *Smart Homes*, which provides an online web resources for incorporating sustainability into house renovations, retrofits or rebuilds and a sustainable building design event series
- *Compost Revolution*, where 150 Ku-ring-gai residents have purchased either a compost bin or worm farm, and 1000 residents have completed either the composting or worm-farming online tutorial.
- *Climatewise Communities* program, which provides a series of workshops and resources for the community to build their resilience to the impacts of severe weather events, as the climate changes
- Loving Living Ku-ring-gai sustainable event series
- Communication strategies, eg Sustainability e-News and YouTube Envirotube channel.

- Skilled staff to support other projects throughout council. Staff have been assisting major projects for sustainable design elements, environmental assessments for on ground work, riparian advice and development of sustainability changes within the workforce.

The Levy has enabled Council to secure significant additional external funding

As illustrated by the cycleway network example above, a key use to which Environmental Levy funds have been put has been to secure matching grants or co-funding from the NSW Government and other funding bodies. The Levy raises about \$2.5 million per year, but has attracted over \$3.2 million in co-funding in the period 2012-15 and around \$9.3 million since 2005. This has enabled Council to fund significant projects that have long-term sustainability benefits.

One example is the Biobanking Agreement that Council entered into as part of the Linking Landscapes grant program through the Local Action program (NSW Environmental Trust). Biobanking agreements are a type of permanent conservation covenant. The funds required for management are invested in an endowment fund, which provides an annual payment to the landowner, allowing the bushland to be managed in perpetuity for biodiversity conservation. The Sheldon Forest, Rofe Park and Comenarra Creek Reserve Biobank site is part of a 99-hectare bushland corridor that stretches from the Pacific Highway in Pymble to Lane Cove National Park in South Turramurra. The Environmental Trust provided \$1.6 million and Council provided \$469,000 to the Trust Fund, which will make annual management payments to Council of around \$100,000 for the first 20 years of the agreement, and thereafter payments of about \$40,000 (indexed) per annum in perpetuity. The Biobanking Agreement commenced in 2014 and protects critically endangered Blue Gum High Forest, endangered Sydney Turpentine Ironbark Forest, and numerous threatened flora and fauna species. Council undertakes weeding, feral animal control, fire management, rubbish removal, and manages the tracks and trails at the site. While concerns were raised in the interviews about provisions in the arrangement that allow recreational use of the site, which some feel conflict with the objective of preserving threatened species, the injection of funds that allow Council to protect the site is welcomed.

Other examples of projects leveraged through cost-sharing arrangements through the Environmental Levy 2 include:

- Canopy restoration at Ku-ring-gai Flying Fox Reserve - \$78,000 received from the NSW Environmental Trust

- Erosion control at stormwater outlets at Sheldon Forest and Rofe Park - \$50,000 received from Local Land services
- Genoplesium conservation at the Wildflower Garden - \$25,000 received from Saving our Species Program, NSW Office of Environment and Heritage
- Post-fire work at Warrimoo - \$40,000 received from Crown Lands
- Fire trail embankment erosion control and surface upgrade - \$397,329 received from NSW Rural Fire Service
- Solar hot water systems on Council community facilities - \$14,800 received from the Community Building Partnerships Program
- Climate Wise Communities program - \$71,250 through Community Resilience Innovation Program, Ministry for Police and Emergency Services.

The Levy has enabled Council to more effectively project manage and resource programs.

Environmental Levy projects are delivered through a mix of staff-managed, contracted and volunteer arrangements. A lesson from Levy 1 was that implementing projects requires a significant commitment of resources for project management. Consequently, Levy 2 has provided funding for 6 full time (F) staff, 9 part-time (P) staff and 2 casual (C) staff. These positions are:

- Environmental Levy Project Leader, who oversees the levy programs (F)
- Project Officer, Building Sustainability (F)
- Sustainability Engagement Coordinator, who manages the communications and community engagement programs (P)
- Sustainability Engagement Officer (F)
- Officer responsible for Streetcare, Parkcare and managing small grants (C)
- Natural Areas Team Leader (F)
- Natural Areas Program Leader (P)
- Natural Areas Officer (P)

- Environmental Engineer (F)
- Community Environmental Officer, responsible for dumping and encroachment (F)
- Bushcare Officer (P)
- Administration Officer (P)
- Water and Catchments Program Leader (P)
- Sustainability Project Officer (P)
- Greenstyle Advisor (Homes) (P)
- Greenstyle Advisor (Gardens) (C)
- Wild Things Project Officer (P)

Employment of staff has provided benefits to the levy program in the form of stability and continuity for projects (staff turnover was an issue identified in the Levy 1 evaluation), and significant expertise and knowledge that is drawn on by staff across Council for the delivery of Council's programs/projects and for best practice environmental management.

The Levy has enabled Council to implement more sustainable improvements

The Environmental Levy funding guidelines stipulate that Levy funds may only be used to improve efficiency of an asset upgrade, rather than fund the upgrade itself. In practice this has meant that Council has been able to 'upgrade' planned upgrades that are paid for out of Council budget allocations. For example, in 2015 the air conditioning system in one Council building was identified for replacement. The contractor presented a few options, which increased in cost as the energy efficiency rating increased. Council's budget could only afford one of the lower cost, less energy-efficient options, so Environmental Levy funds were used to cover the difference between this option and one of the more energy-efficient options. It was estimated that the project would provide a payback in terms of energy savings within 12 years.

Another example is the energy efficiency project at the Ku-ring-gai Art Centre. The Centre was identified as a high energy user and a number of upgrades were proposed to reduce energy consumption. Levy funds were used to install 47 solar panels, which produce 13,000 kilowatt-hours (kWh) per year. Draught proofing measures were undertaken to stop air leaking out during the cold and warm times of the year. Energy

efficient LED lighting was also installed and hot water pipes insulated. The upgrade, together with purchase of an energy-efficient kiln, resulted in a \$10,000 reduction in annual electricity bill, a 45% reduction in annual electricity usage and a 47% reduction in annual CO₂ emissions.

Other projects have incorporated sustainable water use solutions in the upgrade of ovals and recreational facilities, such as the installation and maintenance of stormwater harvesting and filtration systems.

However Levy outcomes in some areas have been limited by coordination issues

While a great deal has been achieved, it needs to be acknowledged that there have been difficulties in delivering some projects in a timely manner, resulting in funds not being expended in the year the funds are allocated. In each of the four years to date, between \$341,398 and \$1.15 million has been rolled over to the next year when project milestones have not been met. Underspensing has occurred in all program areas, but is particularly notable in the energy, water and sustainable transport and recreational walking tracks programs.

The main reason offered for the delays was that Levy projects are often de-prioritised by other Council departments with competing and evolving works programs with the *“Environmental Levy projects tending to be seen as additional to their work”*. A number of Levy projects involve coordinating with one or more other departments, each of whom have their own work programs, resulting in work on certain Levy projects being delayed. Examples include:

- Gross pollutant trap installation – while project planning commenced in 2013/14, the project has been delayed due to staffing issues, workloads and procurement delays.
- Construction of a stormwater harvesting tank at Kent Oval – the required filtration work was completed in 2011/12, with the installation of the stormwater harvesting tank to coincide with the oval upgrade. However the upgrade work has been delayed because the project was de-prioritised in Council’s capital works program. Installation of the water tank can’t be completed until the upgrade is done (scheduled for 2016/17).
- Cycle route – the cross-LGA cycle route should have been more advanced than it is according to the work program, but competing work loads has meant work on the cycleway project has been delayed.

While the funds are quarantined for environmental projects and could in theory keep rolling over until 2019, at the same time the delays mean that the outcomes for some Environmental Levy projects are not being achieved in a timely manner. It also results in a waste of staff time when projects progress to a certain point and then stop,

particularly if the project is delayed indefinitely – time that could be better spent on other projects.

The Environmental Levy team has sought to energise projects through discussions with the relevant departments at both management and project levels, however this has met with mixed results. In order for Environmental Levy projects to more consistently achieve its outcomes, this issue needs to be addressed, for example by:

- Being raised at an executive level in Council to identify strategies for minimising obstacles
- Environmental Levy project outcomes being included in other departments' performance reporting requirements (ie in *Performance Planner*)
- Continued pressure via management and project level discussions

Alternatively, Council may wish to look at other options such as redistribution of funds to other Environment Levy program areas and projects.

2.4 Effectiveness of administration and governance

Leadership

Leadership for the Environmental Levy program is provided by the Manager, Environment and Sustainability, and the Environmental Levy Program Leader.

Ku-ring-gai Council's development of an evidence-based adaptation approach to climate change has been recognised as providing leadership in this area¹. The model was selected by the United Nations Economic and Social Commission for the Asia Pacific program (UNESCAP) for inclusion in a guide to climate change adaptation planning in developing countries. The Council has participated on numerous climate change expert panels both in Australia and internationally and was recognised by the United Nations Association of Australia as a finalist in the World Environment Day Awards 2012 – Local Government Award for Excellence (Overall Environmental Management category).

In addition, Council received a Highly Commended Award for its Loving Living Ku-ring-gai program, in the Community Actions and Partnerships category of the 2014 Keep NSW Beautiful Sustainable Cities Awards, for demonstrating leadership in its environmental volunteering program.

¹ Preston, J. and Scott, J. 2011. When is a climate change adaptation model enough to inform public policy? Climate change adaptation risk management in local government. *Local Government Law Journal* 2011 (16), pp152-166.

Decision making and budgets

Approval is initially sought for the Environmental Levy from the Independent Pricing and Regulatory Tribunal (IPART). Potential projects and project budgets are identified by specialist consultants and/or Environmental and Sustainability staff. The project proposals are then discussed with the other relevant departments to decide what is feasible and worthwhile. Projects are then priority-rated for final decision-making. Funding estimates are recorded in the Development Plan and Operational Plan, which is supplied to the community for review and then approved by Council.

Large costed projects are reviewed by a Project Review Committee. The desired outcomes, costings and proposed engagement process are reviewed and approved, or directed for reworking prior to approval. For projects in excess of \$150,000, a tender process is conducted and a Tender Panel is appointed to select the most appropriate contractor. A contract document with clearly identified deliverables is used to assess progress and success.

Smaller costed projects require three written quotes with clearly defined deliverables and are documented through a procurement process. Council's Capital Works team provide project management for these contracts.

Quarterly budget reporting is undertaken using Tech One, a finance reporting system.

The Environmental Small Grants Scheme is managed through an annual public application process. Applications are made using an online form. Applications are assessed by a panel of at least four assessors, comprising both Council staff and community representatives. Feedback from grant recipients indicated that the application process is quite straightforward and that the guidelines provide the information necessary for applying for a grant. However feedback from assessors suggested that the quality of proposals can be highly variable in quality.

Management

Day-to-day management of Environmental Levy projects is delegated to individual program managers, who provide quarterly reports to the Environmental Levy Program Leader and Manager, Environment and Sustainability through *Performance Planner*, Council's reporting system.

Policies and guidelines

Funding criteria applies to the majority of Environmental Levy programs, such as the energy and water management programs and community small grants. Funding criteria guides what can and cannot be funded under the Environmental Levy and, in some cases, the return on investment required.

Reporting and accountability

Project managers provide an end of year report on each of their projects, and provide regular updates to the Manager, Environment and Sustainability. A quarterly review of all projects is also conducted. Expected and actual expenditure is reported using the Tech One finance software, which is reviewed by Council's Finance team.

While performance outcomes are reported in *Performance Planner* by Environmental Levy staff, staff in other Council departments who work on Levy projects may not report against Levy project milestones. It was suggested that if other departments were required to report in this way, there may be more incentive for them to keep to the work plan more consistently.

2.5 Transparency around administration and achievements

Administrative transparency

Reporting on the Environmental Levy is coordinated by the Environmental Levy Program Leader who reports to the Manager, Environment and Sustainability. Project managers provide formal annual reports as well as more frequent informal reports to the Program Leader. Reporting on performance indicators are recorded in *Performance Planner* and linked to the deliverables identified in the Development and Operational Plans. A monitoring and evaluation spreadsheet is used to record outcomes against selected KPIs. The spreadsheet records this information by staff member and financial year, and clearly identifies Environmental Levy funded projects. Data on selected performance indicators and expenditure are also published in Council's Annual Report.

As described above, the application process for small grants is quite straightforward and conducted via an online application form. Written guidelines are available for download on Council's website. The small grants scheme is advertised through channels such as *Sustainability e-News*, social media and Council's website. The assessment summaries for each funding round are stored and the successful applicants, their projects and funding allocations are published. The completed projects are reviewed by council staff and reported in a summary of completed outcomes.

Transparency of achievements

Achievements of the Environmental Levy have been made public through a series of documents releases and communication channels, including:

- Council's Annual Report
- Environmental Levy Report 2014-15
- Environmental Levy Achievements 2013-14

- Loving Living Ku-ring-gai Facebook page
- Loving Living Ku-ring-gai Twitter feed
- Monthly *Sustainability e-News*
- Green Talks program (a program where on request someone from Council will provide a free 30-40 minute talk to a group)
- Delivery Plan and Operational Plan reporting.

An Environmental Levy Communications Strategy was completed in 2015, which identifies key audiences, messages and strategies for improving the community's understanding of the benefits of the environmental levy. The strategy steps out a wide range of strategies for communicating with the community around the Environmental Levy, but also identifies the following risks to success:

- Lack of effective measures for key performance targets to ascertain if they are being achieved
- Council mergers affecting the prospects of a third levy extension
- Political change within the organisation, and outside it
- Lack of cross cooperation between internal units to deliver communications outcomes
- Availability of funds to implement the strategy.

Staff are currently investigating ways to reach a wider group (other than those who are already engaged). Possible opportunities include 'piggybacking' onto pre-existing groups and events such as Probus meetings, P&C meetings, churches and special interest groups.

3. Summary and conclusion

This report was commissioned to answer four key questions. These are provided below with a summary of our findings for each.

1. To what degree do initiatives funded by the Levy align with Council's broader environmental objectives?

The projects funded under the Environmental Levy have a high degree of alignment with Council's environmental objectives, as well a number of its community, planning, transport, and leadership objectives. Prominence is given to biodiversity projects, which is appropriate given Council's obligation to protect threatened species as well as the high priority the community places on preserving the natural environment in which they reside. There has also been a shift towards energy efficiency projects (and away from stormwater reuse/supply projects) since the first Levy funding period. This shift reflects on the one hand a reduced level of concern about water security since the breaking of drought conditions, and on the other a heightened concern about energy efficiency due to increasing energy prices and the setting of Council targets on reducing greenhouse gas emissions.

2. What contribution is the Environmental Levy making toward achieving these outcomes?

The Environmental Levy has been a key resourcing strategy that has enabled Council to:

- Make progress towards meeting its environmental targets and legal obligations in regard to threatened species
- Fund important environmental work that would not have otherwise been funded
- Secure around \$9.3 million in additional matching funding from external sources
- Effectively manage and resource environmental projects through the employment of staff
- Ensure that any upgrades to its assets and facilities are more sustainable - the Levy has provided the money for more energy-efficient, but also more costly, improvements.

Some significant outcomes include:

- A 10% reduction in water consumption across Council assets since 2010
- Completion of about 6 kilometres of cycleway, representing about 40% of the planned commuter cycle route that will facilitate provide a safe alternative to car use
- Funding of around 15 community based environmental projects per year that contribute to biodiversity and community education outcomes

- Regeneration of nearly 60 hectares of bushland each year
- Permanent preservation of 99 hectares of high conservation value bushland
- Support for a growing volunteer force of 700-plus community members who contribute more than 12,000 hours per year in the Bushcare, Streetcare and Parkcare programs, saving Council work that would otherwise need to be done by its own staff.

However improvements could and should be made to coordination across departments to progress Environmental Levy projects in a timely manner, including this issue being raised at an executive level, inclusion of Environmental Levy projects in the performance reporting of all departments' concerned and greater pressure being placed by the Environmental Levy team at both management and project levels.

3. To what degree is Council's role in the administration and governance of the Environmental levy effective?

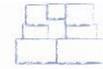
Council's administrative and governance processes and policies are well established in relation to the Environmental Levy. Effective administration of Levy programs is facilitated by the employment of dedicated staff to key programs such as the biodiversity and energy efficiency programs, to ensure the projects receive their due attention. Council provides a high level of leadership both in relation to the programs and in relation to modelling sustainability. Decision-making processes are transparent and reporting is conducted in accordance with what is required.

4. Is there sufficient transparency around the administration and achievements of the levy and the initiatives funded?

There is a high degree of transparency around the administration of the program, with particular program areas having their own documented policies and guidelines. Outcomes against KPIs are reported systematically in a spreadsheet-based monitoring and evaluation document.

Achievements of the Environmental Levy are made public through a range of documents and communication channels. The draft Environmental Levy Communications Strategy identifies a range of audiences, messages and strategies for further improving the community's understanding of the benefits of the Levy.

This evaluation has found that the Environmental Levy is a key factor that allows Kuring-gai Council to remain a leader in sustainability and environmental protection. The Levy funds a wide range of programs and projects that not only help, but in some areas solely facilitate, Council's progress towards meeting its environmental targets. Many key environmental outcomes are down to the financial boost provided by the



Levy: things like the regeneration of large areas of bushland, protection of significant fauna and flora species, reduction of urban impacts of stormwater on riparian zones, reduced reliance on urban water supplies, reduction in potable water use, cleaner streams and creeks, a community more engaged in environmental issues and projects, and a reduction in Council's energy use and greenhouse gas emissions. The Levy not only allows Council to undertake this work that raises the bar on sustainability in the LGA, but it does so without the need to divert funds from other program areas or general Council coffers. For these reasons, the Environmental Levy is key way in which Council is able to not only deliver on environmental outcomes, but also to lead the way.