Environmental Trust Administrative Response to Aegis Treated Timber Initiative Project Evaluation – Recommendations July 2021

Area	Key Findings	Trust Administrative Response
R 1: Program appropriateness/ Program design (pg.12)	a) The Program is consistent with the intent of national and NSW Government policy and legislative commitments to improve the management of hazardous materials and wastes and reduce their risks to the environment and human health. This includes the aims of the *Pesticides Act 1999* with respect to restricted chemicals like CCA and the objectives of the *Waste Avoidance and Resource Recovery Act 2001* (WARR Act) regarding increasing the recovery or problem wastes such as CCA treated timber.	- Agree with the recommendation.
	b) The Program objectives are consistent with the statutory objects of the Trust, specific goals in the NSW State Plan 2021 (current at the time the Program was commenced) and corporate objectives of the EPA.	- Agree with the recommendation.
	c) It is appropriate that government play a role in improving consumer awareness as part of a holistic multi-faceted approach to tackle 'wicked problems' created by hazardous materials and problem wastes when doing so is a public good and/or is intended to address a market failure. However the Program was not part of a holistic approach with complementary initiatives to address the risks of CCA in treated timber. Rather it was a consumer education campaign designed by the EPA as a sole substitute for regulation and a foundation for potential future regulation.	- Agree with the recommendation. Trust Administration suggests the EPA to respond and act on the recommendation for future projects.
	d) While the Program represents a public good, it appears to have been unnecessary to address any market failure. This is because retailers of treated timber appear to have pre-existing consumer awareness strategies which the Program duplicated, and retailers were disinclined to participate in the Program because they had their own consumer information strategies. Because the Program was not co-designed by the EPA with industry, the EPA was ill-equipped to identify duplication with existing retailer consumer education strategies as a risk to Program implementation.	- Agree with the recommendation. - Trust Administration will endeavour to utilise rigorous scoping processes for all funding streams, wherever possible. - Trust administration will endeavour to verify market failure including the collection of evidence as part of the scoping process - The relevant industry should be consulted and involved in co-design
	e) The Program may have been able to successfully concentrate on specific market failures that may have required solutions regardless of existing retailer led consumer information strategies if: ▪ Proposals such as these submitted to the Trust under the New Government Priorities funding stream were subject to the same rigorous scoping applied to Trust's Major Projects Strategic stream; ▪ The Program had been designed to complement a product stewardship scheme; and	- Agree with the recommendation. - The Major Projects evaluation, undertaken by the NRC, recommended to keep the New Government Priorities stream and improve it by developing a clear set of processes and decision-making criteria.

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	▪ The Program had been designed to respond to resource recovery market dynamics and needs in waste streams	- This will include the development of a process, where the Minister is regularly engaged in identifying priority issues for funding
	f) Consideration should be given to ensuring that government agencies developing projects for Trust funding engage with Trust Administration during the project scoping phase to gain their independent guidance and assistance with program/project design including effective stakeholder consultation and co-design principles.	- Agree with the recommendation. - This would be included in the new Program governance procedures.
R2: Program Management (pg. 13)	a) Prior to being considered by the Trust, all proposals under the New Government Priorities funding stream should be subject to the same process and requirements for co-design and scoping as the Trust's Major Projects Strategic funding stream. This will provide the Minister the flexibility to continue to bring forward new priorities for funding but will ensure proposals are well designed and fit for purpose by meeting Trust Objects, satisfying expectations arising from an analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT), and meeting risk management standards. This will reduce the risk of design failures which lead to projects being less effective and efficient.	- Agree with the recommendation.
	b) Agencies who are proposed to deliver projects for funding under the New Government Priorities stream should demonstrate that there are no other more cost effective solutions to influencing consumer action, such as via regulation. Proposals should detail the costs and benefits of regulatory and other options previously considered and why they are inferior to receiving program funding from the Trust.	- Agree with the recommendation. - Demonstrating that this requirement has been met should be mandatory in the approval process. - Trust administration to implement more rigorous scoping processes
	c) Proposals for Trust funding under the New Government Priorities stream which are specifically submitted as substitutes for regulation or a foundation for future regulation should include the detailed reasons why immediate regulation is an inferior solution and the timeframe for proposed future regulation. This will assist the Trust to examine the need for funding and whether project funding is sustainable until regulation is introduced.	- Agree with the recommendation. - Revised Process should include evidence as requirement prior to program approval
	d) Prior to being approved for funding by the Trust projects which propose interventions for consumer behaviour change should demonstrate the following design features: • All projects should have examined their Strengths, Weaknesses, Opportunities and Threats (SWOT) to ensure they have properly evaluated actual market need for the intervention and are proposing solutions which can address that need effectively and efficiently. This should include:	- Agree that this is the preferred approach to be adhered to when scoping new projects that contain behaviour change components. - Trust internal scoping processes have been updated to reflect these recommendations

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	o Analysis to identify how the market is operating, whether there are any barriers to consumers and stakeholders participating in the Program, and the best ways to communicate with consumers based on their preferences/priorities and the outcomes being sought; o Analysis of preliminary baseline data about consumer behaviour and application of this data as a platform from which to detail how and why the proposed project will influence behaviour change; o Demonstrated consultation with the behavioural insights teams within the NSW Government to gain data and advice to inform their design; and o An outcome measurement regime that is based on realistic assumptions about risks and barriers to obtaining data from consumers and includes risk mitigation strategies which can satisfy the Trust's minimum expectations about outcome delivery. • Where required, relevant external experts should have been engaged at an early stage to advise on market and supply chain dynamics, relevant commercial issues affecting program implementation and preferred communication/marketing techniques to influence the audiences the Trust normally targets for behaviour change. • The scope and implementation of programs requiring the participation on non-government and government stakeholders should be designed in consultation with those stakeholders. Projects which have not been co-designed with stakeholders who are being proposed as implementation partners should not be supported by the Trust.	
	(e) All proposals considered by the Trust which are interventions for consumer behaviour change should be subject to the following additional assessment: ▪ Agencies should demonstrate that they have the internal capacity and organisational commitment to manage this kind of program over the long term. This should include: ▪ A demonstrated holistic approach to tackling a problem within which a consumer education campaign is one component and supported by other policy and regulatory solutions;	- Agree that this is the preferred approach to be adhered to when scoping new projects that contain behaviour change components. The Trust administration internal process guidelines to scope new projects have been updated to reflect these principles.

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	- Demonstrated solid relationships between the agency and any industry and non-government partners who may be required to implement the program; - A funding commitment from the agency to continue supporting program objectives after the Trust funding has expired; and - The corporate knowledge and capacity to manage the program with and without the assistance of external expertise.	
R3: Program effectiveness (pg.15)	a) Future program design should consider applying recommendations 1 and 2. This would reduce risks to the effectiveness of program outputs and outcomes. (b) The EPA should consider funding an ongoing digital marketing strategy to drive traffic to its website to increase and maintain community awareness about CCA treated timber. This is consistent with deploying a community education campaign as a substitute for regulation	- Agree that this is the preferred approach
R4: Program efficiency (pg.15)	(a) Future program design should consider applying recommendations 1, 2, and 3. This would improve potential allocative efficiency (value to consumers) and technical efficiency.	- Agree that this is the preferred approach
R5: Value for money (pg.15)	(a) Recommendations 1 to 4 in this evaluation should be implemented to improve the overall value for money of future initiatives like the Program.	- Agree that this is the preferred approach