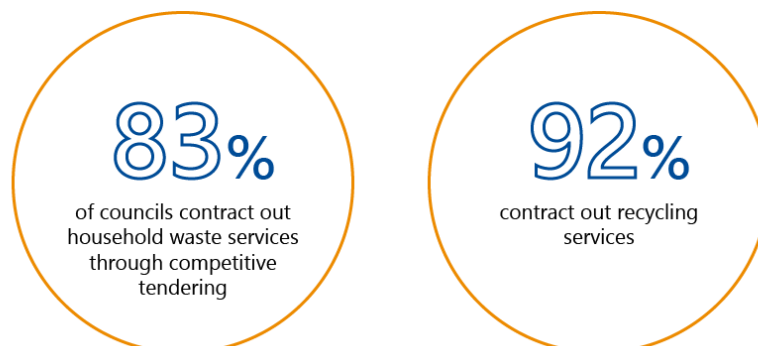


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## Outsourcing council waste management



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### What we examined

For this review, we looked at whether local councils' waste management services provide value for money. We examined data from 2019–20, council waste contracts, and practices at four selected councils.

### Who we reviewed

We reviewed four local councils, the Department of Environment, Land, Water and Planning, two Waste and Resource Recovery Groups, and Sustainability Victoria.

### What we concluded

Nothing has come to our attention to indicate that councils' waste management services are not providing value for money given market and capacity constraints and policy settings.

The widespread use of competitive procurement for kerbside waste collection and the small number of potential suppliers means councils have limited options to make substantial savings on their waste expenditure.

### Why this review is important

In 2019–20, Victorian councils spent over \$706 million on delivering waste management services. Given that the taxpayers fund council activities through rates, Parliament and the community expect to know if councils are achieving value for money.

### Outsourcing council waste management

83 per cent of councils contract out household waste services through competitive tendering, and 92 per cent contract out recycling services.

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## Future capacity constraints in waste disposal



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Just five suppliers make up 57 per cent of the general garbage and recycling market. This means that it is difficult for councils to create any more competitive tension in the market and realise further savings.

### **Waste management data**

Following our 2019 waste audit, Sustainability Victoria is improving the quality and reliability of its waste data. Until Sustainability Victoria fully addresses data quality issues, we have limited ability to understand the state's waste data. This hampered our efforts to undertake sector-wide analysis or comparison in this review.

### **Changes to policy environment**

Following our 2019 audit, Victoria's approach to waste management is undergoing significant reforms, which are due to be implemented over the next two years. The Victorian Government is introducing new governance arrangements, a new legislative framework and a new waste authority.

### **Future capacity constraints in waste disposal**

Even with the reforms underway, there remain capacity constraints for waste that is not suitable for recovery or recycling. The current volume of approved landfill capacity is forecast to only be sufficient for Melbourne's needs until 2026. The state government controls increasing this capacity, and without action, prices may increase for councils to dispose of waste.

### **What we recommended**

We did not make any recommendations. Significant reform is currently underway to address several of the areas of improvement we identified in this review.

Find out more by visiting [audit.vic.gov.au](http://audit.vic.gov.au), where you can read our full report.