

Council Waste Management Services

December 2021

Independent assurance report to Parliament
2021–22:12

Council Waste Management Services

Independent assurance report to Parliament

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The Hon Nazih Elasmr MLC
President
Legislative Council
Parliament House
Melbourne

The Hon Colin Brooks MP
Speaker
Legislative Assembly
Parliament House
Melbourne

Dear Presiding Officers

Under the provisions of the *Audit Act 1994*, I transmit my report *Council Waste Management Services*.

Yours faithfully



Andrew Greaves
Auditor-General
2 December 2021

The Victorian Auditor-General's Office acknowledges Australian Aboriginal peoples as the traditional custodians of the land throughout Victoria. We pay our respect to all Aboriginal communities, their continuing culture and to Elders past, present and emerging.

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Review snapshot

Do local councils' waste management services provide value for money?

Why this review is important

Local councils are responsible for waste collection, processing and disposal. In 2019–20, Victorian councils spent over \$706 million on delivering waste management services.

Victoria's approach to waste management is undergoing significant reform following our 2019 *Recovering and Reprocessing Resources from Waste* audit.

What we examined

The cost-efficiency of council waste management services by reviewing:

- data from the annual *Waste and recycling in Victoria—Local Government waste services report*
- council waste contracts
- practices at four selected councils.

Who we examined

- Bayside City Council
- City of Ballarat
- City of Melbourne
- Greater Dandenong City Council
- Department of Environment, Land, Water and Planning
- Grampians Central West Waste and Resource Recovery Group
- Metropolitan Waste and Resource Recovery Group

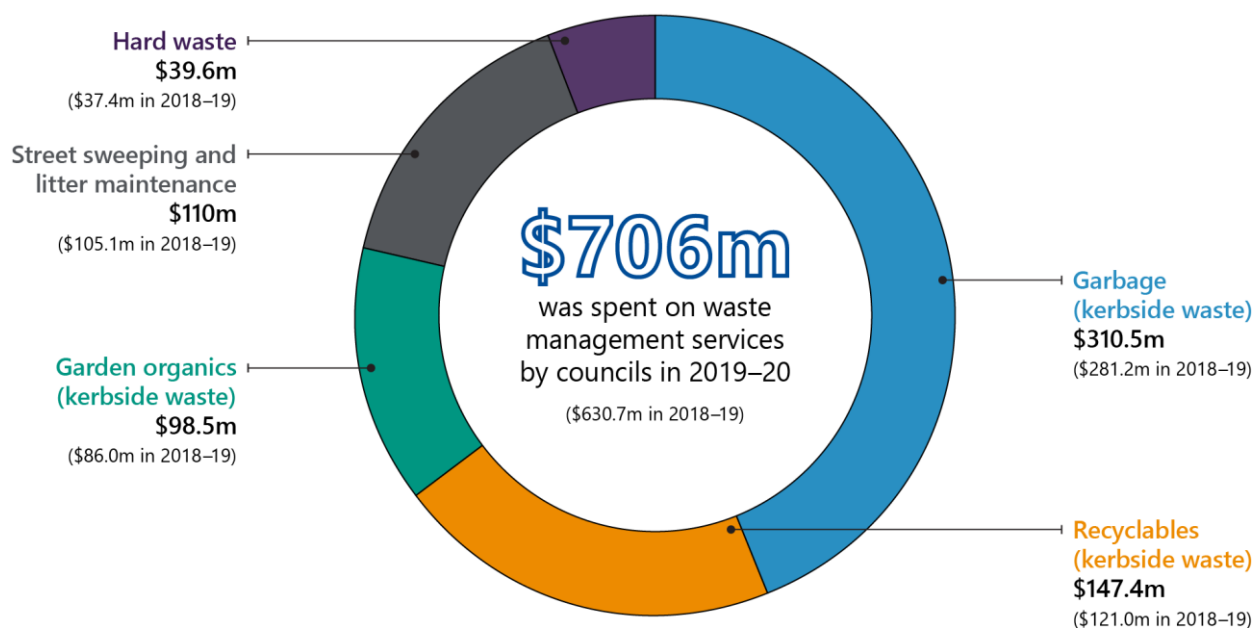
- Sustainability Victoria.

What we concluded

Nothing has come to our attention to indicate that councils' waste management services are not providing value for money. This is due to current policy settings as well as market and capacity constraints around kerbside waste collection, which makes up almost 80 per cent of council waste spending.

The wide use of competitive procurement through tendering and the small number of potential suppliers means most councils have limited options to make substantial savings.

Key facts



Source: VAGO based on the *Waste and recycling in Victoria—Local Government waste services report*, 2018–19 and 2019–20.

What we found

We consulted with the audited agencies and considered their views when reaching our conclusions. The agencies' full responses are in Appendix A.

Councils' waste management services

Victoria's 79 local councils manage the collection and processing of household waste. Some services, such as the collection and disposal of general household garbage, are common to all councils. Other waste services vary depending on the needs and priorities of the relevant communities.

Councils' waste management services can include:

- kerbside collection and disposal of garbage, recyclables and organic or gardening matter
- litter maintenance, including street sweeping and public place litter collections
- hard waste collections.

Many councils also operate landfills or resource recovery centres/transfer stations to dispose of garbage and process recyclables.

As shown in Figure A, in addition to councils' responsibilities, several other government agencies have a role in waste management.

Figure A: Agencies' waste management roles and responsibilities



Note: The acronyms used in this graphic are the Department of Environment, Land, Water and Planning (DELWP), the Environment Protection Authority Victoria (EPA), Sustainability Victoria (SV) and Waste Resource Recovery Groups (WRRGs).

Source: VAGO.

Efficiency of council waste management services

Most councils are unlikely to find any further substantial efficiency gains in their waste management expenditure. This is because:

- they already procure most of their kerbside services through competitive tendering
- there is a limited number of waste management service providers, which makes it hard for councils to create any more competitive tension and realise further savings
- there are gaps in the quality of available waste management data.

To assist councils to improve the quality of waste management data we provided all 79 councils with an individualised report of key data from SV.

Waste management expenditure

As shown in Figure B, Victoria's 79 councils spent around \$706 million in 2019–20 on kerbside collection services, litter maintenance (including street sweeping and public place litter collections of garbage and recyclables) and household hard waste material.

Figure B: Councils' waste management expenditure, 2019–20

Waste service	Expenditure (\$ million)	Proportion of expenditure (%)
Kerbside waste	556.4	78.8
Litter maintenance, including street sweepings and public place litter collections	110.0	15.6
Hard waste	39.6	5.6
Total	706.0	100.0

Note: Costs include the yearly collection, sorting, processing and disposal costs of providing a waste service, as well as the annualised depreciated bin costs if applicable.

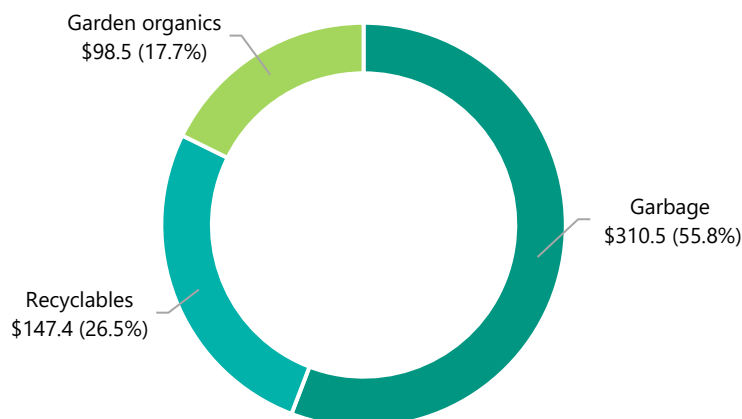
Source: VAGO, based on the *Waste and recycling in Victoria—Local Government waste services report, 2019–20*.

Kerbside expenditure

In 2019–20, councils spent \$556.4 million (78.8 per cent of their total waste management costs) providing kerbside services for garbage, recyclables and garden organics to 2.7 million Victorian properties—an average of \$205 per property per year.

As outlined in Figure C, household garbage accounted for more than half of councils' kerbside waste management costs at \$310.5 million (55.8 per cent of the total), followed by recyclables at 26.5 per cent and garden organics at 17.7 per cent.

Figure C: Councils' kerbside waste management expenditure, 2019–20, \$ million



Source: VAGO, based on the *Waste and recycling in Victoria—Local Government waste services report, 2019–20*.

Litter maintenance and street sweeping services expenditure

All 79 councils provide litter maintenance and street sweeping services.

Councils spent around \$110 million on these services (15.6 per cent of total waste management costs for 2019–20). Of this, councils spent \$65 million on street sweeping and \$45 million on litter services, including litter bins, litter traps and clean-up services (such as dumped rubbish).

Household hard waste services expenditure

Hard waste is household material that cannot be placed into kerbside garbage bins, such as white goods and timber. Councils provide hard waste collections as either a kerbside pick-up for the whole municipality or an on-call service at a time agreed to by the household.

Councils spent approximately \$39.6 million on hard waste services (5.6 per cent of total waste management costs for 2019–20).

In 2019–20, only 43 of 79 councils (54 per cent) provided a hard waste collection service. Of these, 31 were metropolitan councils.

Landfills, resource recovery centres and transfer stations expenditure

The *Waste and recycling in Victoria—Local Government waste services report, 2019–20* does not collect expenditure data from councils on their landfills, resource recovery centres and transfer stations.

Given the limited information on expenditure, in May 2021 SV undertook a survey to collect data on resource recovery centres and transfer stations. SV advised that it expects to report the results of its survey in early December 2021.

SV is a statutory authority that has responsibility for statewide waste management strategy and planning. SV delivers the Victorian Recycling Infrastructure Plan, initiatives to deliver the *Recycling Victoria* policy and is developing a governance framework for waste data.

Outsourcing council waste management

Most councils outsource their waste management services. However, councils have limited choice when it comes to suppliers of collection and disposal of general household garbage, recycling and organic waste. This is because only five suppliers make up around 57 per cent of the general garbage and recycling market.

Figure D shows the cost distribution, level of outsourcing and industry context for councils' waste management for general garbage, recycling and organic waste.

Figure D: Industry context and key statistics for garbage and recyclable services

	Garbage	Recyclables and organics
Cost	Collection and disposal costs are approximately 40 and 60 per cent respectively.	Similar to garbage, collection costs are around 40 per cent of total expenditure with sorting and disposal accounting for 60 per cent.
Outsourcing	83 per cent of councils contract services through competitive tendering.	92 per cent of councils contract services through competitive tendering.
Competitive procurement	Two-thirds of Victorian councils' waste disposal expenditure is procured through a joint competitive tender.	
Suppliers	There are a limited number of suppliers, some of them global companies, for garbage collection services.	
Landfill suppliers	Three operators run most landfills serving metropolitan Melbourne.	

Source: VAGO.

As shown in Figure E a relatively small number of councils operate in-house kerbside waste collection services.

Figure E: Councils with in-house kerbside waste collection services, 2019–20

Kerbside service	Number and percentage of councils	Councils
General household garbage	13 (17%)	Banyule City Council, Boroondara City Council, Brimbank City Council, City of Ballarat, City of Darebin, City of Greater Bendigo, City of Stonnington, Horsham Rural City Council, Hume City Council, Mildura Rural City Council, Nillumbik Shire Council, Rural City of Wangaratta and Towong Shire Council.
Recyclables	6 (8%)	Banyule City Council, Brimbank City Council, City of Ballarat, Moreland City Council, Nillumbik Shire Council and Towong Shire Council.

Note: Not all councils provide an organic collection service.

Source: VAGO, based on SV data collected in the *Waste and recycling in Victoria—Local Government waste services report, 2019–20*.

Weaknesses in waste management data

Government's planning and policy decisions need to be informed by reliable waste data. However, there are significant gaps in the available waste management data that make it difficult to fully understand the cost of collection, processing and disposal.

Although waste data collection is a shared responsibility among SV, EPA, councils and WRRGs, SV is responsible for statewide oversight, coordination and reporting of waste data.

SV publishes two performance reports relating to waste—the *Waste and recycling in Victoria—Local Government waste services report* and the *Waste and recycling in Victoria—Recycling industry waste report*. These reports use data collected mainly through voluntary surveys of councils and reprocessing facility operators.

Although they contain valuable information regarding the cost of services and tonnage of waste collected, our 2019 *Recovering and Reprocessing Resources from Waste* audit found that SV's data is incomplete, unreliable and, in some instances, inaccurate.

Given the voluntary nature of the surveys, SV has a limited ability to verify the responses. While SV tries to validate the waste data it receives from respondents, it primarily does this by identifying significant changes in data from year to year.

The audit recommended SV improve the quality and reliability of waste data. SV accepted the recommendation and developed a new waste and recycling data roadmap for waste and resources recovery data. The roadmap then underpinned a business case to government submitted at the start of 2020 for the expanding Victoria's waste data project to enable better waste management monitoring. The project began on 1 July 2020 and is due for completion in 2024.

Since our 2019 audit, SV has made improvements to waste management data, including:

- introducing clearer definitions and guidelines to improve consistency in how councils and operators of recovery facilities report their data
- publishing a regular bulletin on the recycled commodity markets that collates information on the changing costs of recovered materials and the impact of global and domestic market trends.

However, until SV fully addresses these data quality issues, we have limited ability to comprehend the state's waste data. These weaknesses hampered our efforts to undertake sector-wide analysis or comparisons.

Data for individual councils

As part of this review, we provided all 79 councils with an individual report of key statistics from the SV data. This will allow councils to identify and fix any issues with their data reporting to SV as well as undertake benchmarking against other councils where possible.

WRRGs are responsible for supporting local governments to procure waste and recycling services, undertaking regional resource recovery planning and educating businesses and communities on waste avoidance and reduction.

EPA is responsible for controlling pollution from waste by developing and enforcing environmental regulations and standards.

Changes to Victoria's waste management policy environment

Victoria's approach to waste management is undergoing significant reform following our 2019 *Recovering and Reprocessing Resources from Waste* audit. The audit found that Victoria had no overarching statewide policy for waste management and unclear statewide guidance. Without a statewide waste policy, local councils and other responsible agencies are operating in an uncertain environment and cannot effectively prioritise their limited time and resources.

In response to our audit, the Victorian Government is introducing new governance arrangements to manage the waste sector. This includes:

- a new legislative framework that will clarify councils' responsibility for providing households with both waste and recycling services
- setting up a new waste authority to take on some of the existing functions of state government entities, including all the functions of the seven WRRGs, and the infrastructure planning function currently performed by SV.

The new waste authority will also support councils to collaborate in procuring waste and recycling services. This will impact the efficiency of their waste services by supporting more effective procurement.

These reforms are due to be implemented over the next two years.

Recycling Victoria policy 2020

In February 2020, the state government also released a 10-year *Recycling Victoria* policy and action plan for waste and recycling. It includes a complete overhaul of Victoria's recycling system and will impact how councils collect and process recyclable materials.

The government has set ambitious targets to divert 72 per cent of waste from landfill by 2025 and 80 per cent by 2030. It seeks to achieve this by:

- standardising the kerbside waste collection from households to improve the recovery of recyclable materials
- introducing a container deposit scheme from 2023
- increasing the levy imposed on municipal waste sent to landfill. This will raise the price at which alternatives to landfill, such as recycling or advanced waste processing, can compete with landfills.

Capacity constraints

Even with government reforms underway on how councils manage their waste, councils will still need to dispose of waste that is not suitable for recovery or recycling. In metropolitan Melbourne over the next 10 years, this is forecast to be around 3 to 3.5 million tonnes of waste per annum.

The current volume of approved landfill capacity is forecast to be sufficient for Melbourne's needs only to 2026. Increasing capacity is controlled at the state rather than local government level. Without state action to increase disposal capacity, prices may increase for councils to dispose waste.

APPENDIX A

Submissions and comments

We have consulted with Bayside City Council, City of Ballarat, City of Melbourne, Greater Dandenong City Council, DELWP, Grampians Central West Waste and Resource Recovery Group, Metropolitan Waste and Resource Recovery Group and SV, and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

Responses were received as follows:

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10 November 2021

Andrew Greaves
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Dear Mr Greaves

**Limited assurance review of Council waste management services:
Response from Sustainability Victoria**

I refer to your letter dated 29 October 2021 providing an opportunity for Sustainability Victoria (SV) to make a submission in response to the *Limited assurance review of Council waste management services*. SV acknowledges the review and the importance of ensuring the waste and resource recovery system is providing value for money for all Victorians.

Since the 2019 *Recovering and Reprocessing Resources from Waste* audit, the Victorian Government has released the *Recycling Victoria* policy with \$300 million committed to addressing recycling sector reforms. This funding includes direct support for Councils to deliver consistent and high-value kerbside services, together with \$100 million for new recycling infrastructure. In 2020, SV launched a state-wide education and behaviour change campaign which has provided further support for local government to engage with households to maximise recycling outcomes. In addition, the Victorian Government recently introduced legislation to establish a new entity which will oversee regulation of Victoria's waste and recycling system.

Relevant to this current limited assurance review, a key pillar in the *Recycling Victoria* policy relates to improvements to waste and resource recovery data. The \$7 million *Expanding Victoria's waste data* program will establish a waste data hub, improving the currency, availability, and value of the Victoria's waste materials data. Multiple improvements have already been made since 2019, including tighter definitions for reporting, new guidelines for Councils and industry, and the launch of Australia's first market bulletin for recycled commodity markets.

Sustainability Victoria looks forward to working side by side with the new entity to deliver greater transparency and market regulation in the recycling sector, ensuring that the community has confidence that material being collected through kerbside recycling is being appropriately sorted and processed into valuable products.

Sustainability Victoria notes no recommendations are outlined in the proposed review. I welcome further engagement with the Auditor-General's office on future audits.

Yours Sincerely



Claire Ferres Miles
Chief Executive Officer





Department of Environment,
Land, Water and Planning

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Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

Ref: SEC015391



Dear Mr Greaves

**PROPOSED LIMITED ASSURANCE REVIEW - COUNCIL WASTE MANAGEMENT SERVICES
(VAGO DUE DATE: 10/11/21)**

Thank you for the opportunity to review the outcomes of the Victorian Auditor-General's Office's (VAGO) independent assurance report focused on the value for money of council's waste management services.

Following the market disruptions in 2019, councils have continued to focus on ensuring all Victorians have access to services that deliver value for money and ensure that household waste and recycling is managed appropriately. This comes at a cost to Victorian ratepayers, councils and the Victorian Government.

The Victorian Government announced a new plan for waste and recycling: *Recycling Victoria: A New Economy* in February 2020. This policy outlined a plan of reform to establish a recycling system that Victorians can rely on and includes:

- reforming how households recycle by introducing a separate collection for glass by 2027 and a food organics and garden organics service by 2030
- introducing a container deposit scheme
- educating and changing behaviour (statewide) to support standardized services
- investing in new infrastructure to extract more valuable resources from our waste; and
- supporting industry, communities and councils to reduce their waste and make the most of our resources and
- strengthening recycling oversight with a new Act and regulation.

On 27 October 2021, the Circular Economy (Waste Reduction and Recycling) Bill was introduced into parliament. If passed, the Bill will see establishment on 1 July 2022 of Recycling Victoria, a dedicated business unit within the Department of Environment, Land, Water and Planning (DELWP) with distinct legislative powers to deliver statewide stewardship, regulatory and market oversight functions. Pending passage of the legislation, Recycling Victoria will be responsible for functions currently undertaken by Waste and Resource Recovery Groups and data activities currently undertaken by Sustainability Victoria. The Bill paves the way for a more reliable waste and recycling sector that meets community expectations. It also provides the legal underpinning to deliver a circular economy for Victoria, providing for:

- a statewide four-stream household waste and recycling system
- service standards to ensure consistency and transparency in how waste and recycling are collected, managed and disposed of
- a container deposit scheme
- a framework for data collection and reporting to identify market risks and opportunities and inform responses and
- mechanisms to support councils in their procurement and contract management and ensure councils and waste and recycling sector entities comply with their legislative obligations.

Any personal information about you or a third party in your correspondence will be protected under the provisions of the *Privacy and Data Protection Act 2014*. It will only be used or disclosed to appropriate Ministerial, Statutory Authority, or departmental staff in regard to the purpose for which it was provided, unless required or authorized by law. Enquiries about access to information about you held by the Department should be directed to foi.unit@delwp.vic.gov.au or FOI Unit, Department of Environment, Land, Water and Planning, PO Box 500, East Melbourne, Victoria 8002.



OFFICIAL

Once again, thank you for the opportunity to review the report and to outline the actions the government has undertaken to ensure Victorians have a waste and recycling service they can rely on.

Yours sincerely



John Bradley
Secretary

10/11/2021

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AUSTRALIA

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Date: 10 November 2021

Our Ref: EK:ls.bw

Your Ref: 34672-22

Enquiries: Les Stokes

Direct Email: [REDACTED]

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31/35 Collins Street
MELBOURNE VIC 3000

Dear Mr Greaves

**RE: PROPOSED LIMITED ASSURANCE REVIEW -
COUNCIL WASTE MANAGEMENT SERVICES**

Firstly, thank you for the opportunity provided to Ballarat City Council to participate in the VAGO Limited Assurance Review of Council waste management services. I acknowledge and support the review's conclusions.

The review notes the changing waste management environment in the state of Victoria in order to support the implementation of the *Recycling Victoria* policy. These changes are welcomed by the City of Ballarat. The Sustainability Fund receives money collected from the Victorian Waste Levy, the timely and full investment of the fund on waste and resource recovery initiatives is a critical role of the State Government and will go some way to address the constraints identified in the review.

Council Officers have identified a number of minor changes that I believe will aid the legibility of the report, these are summarised in the attached table. Please do not hesitate to contact Les Stokes, Council's Executive Manager – Waste & Environment on [REDACTED], if you wish to discuss this submission further.

Yours sincerely

[REDACTED]
Evan King
Chief Executive Officer



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12 November 2021

Andrew Greaves
Auditor-General
Level 31/35 Collins Street
Melbourne VIC 3000
Via email: [REDACTED]

Dear Mr Greaves

Proposed Limited Assurance Review – Council waste management services

Thank you for this opportunity to respond to the draft 'Limited Assurance Review – Council waste management services'. The City of Melbourne welcomes the review of Council waste management services, and acknowledges the difficulties of undertaking this report during Covid-19 lockdown conditions.

The City of Melbourne is proud to supply efficient and effective services to its diverse community, and prides itself on finding solutions to service its vast range of complex housing throughout the municipality.

The City of Melbourne supports VAGO's observation that there is a significant opportunity to improve data management, data governance, and quality of such data created and utilised by Sustainability Victoria.

Reporting processes and metrics used by Sustainability Victoria and the Local Government Performance Reporting Framework have been raised by City of Melbourne for a number of years. State published reporting's overall value for decision making, accuracy and ability to compare Councils effectively (based on the variance of housing stock types and service models between municipalities) has rendered the reporting of limited value to the sector.

The City of Melbourne also supports VAGO in its assessment of State Government planning of waste disposal options.

"The current volume of approved landfill capacity is forecast to be sufficient for Melbourne's needs only to 2026. Increasing capacity is controlled at the state rather

*than local government level. Without **state action** to increase disposal capacity, prices may increase for councils to dispose waste".*

The lack of options for waste disposal within metropolitan Melbourne, and lack of planning for alternative waste processing solutions for Councils is of concern to City of Melbourne.

The City of Melbourne looks forward to participating in a more detailed Assurance Review for Council waste management services in the near future.

Yours sincerely



Alison Leighton
Acting CEO
City of Melbourne

OFFICIAL



Reference: A8209456
Enquiries: 03 8571 1769

18 November 2021

Mr. Andrew Greaves
Auditor - General
Victorian Auditor-General Office
Level 31/35 Collins Street
MELBOURNE VIC 3000

Dear Mr. Greaves,

RE: Proposed Limited Assurance Review – Council Waste Management Services

On behalf of our Mayor, Councillor Angela Long, as the council officer responsible for the delivery of our waste services, I would like to thank you for the opportunity to provide feedback on the proposed "Limited Assurance Review – Council Waste Management Services".

We are satisfied with the report and have no further input to the report we wish to offer.

I would also like to thank Rocco Rottura and his team for their approach with council which allowed for cooperative and constructive discussions.

Should you or Kelly Butler require any further information in relation to this matter, please do not hesitate to contact me on [REDACTED]

Yours sincerely



Philip Robertson
Service Unit Leader
Waste & Cleansing

Language link 13 14 50

Albanian/Shqip Arabic/عربي Chinese/中国 Dari/دري Greek/Ελληνικά Hazaragi/هزارگی
Khmer/ខ្មែរ Serbian/Српски Turkish/Türkçe Vietnamese/Tiếng Việt



OFFICIAL



Victorian Auditor-General's Office
Level 31
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Melbourne VIC 3000

17 November 2021

Dear Mr Greaves,

Re: Response to Proposed Limited Assurance Review - Council waste management services

Thank you for providing us with a copy of the above-named report, and for the opportunity to provide comment.

Grampians Central West WRRG notes that the review process and report were completed prior to the release of the Circular Economy bill, which is due for a second reading in Parliament before the end of this year. We welcome further commentary in regards to the bill and the implications for the waste management.

There are a number of areas of concern we believe are still not adequately addressed given the unknown outcome of the CE bill through parliament.

1. Extra data capture burden on councils due to extra regulation

Under the current system, Councils are required to provide data in relation to their waste services to a number of different agencies, and in differing formats. The data provision requirements under the new proposed Bill are yet to be fully detailed and will likely be detailed within the subordinate regulations. It is not yet clear if this requirement for data provision will be streamlined into one process via the new CE bill. The impact of this on councils needs to be further understood as the subordinate regulations are finalised.

Additionally, single point of reporting consistent waste data with well established and communicated timelines for submission will allow both contractors and council staff the ability to plan for these requirements both now and into the future.

Finally, consolidating waste data reporting requirements into the control of a single entity would allow consistent, comparable information to be provided. However, we would caution that these requirements need to be developed in consultation with waste service contractors, so as to ensure that the requirements will not cause councils undue pressure where considerations of (for example) commercial-in-confidence information has not been adequately addressed.

2. Cost of services likely to increase

The full impact of the proposed Bill on council operations and cost of waste management services is unknown at this time.

We understand that councils in the Grampians Central West region are currently undertaking further work to ascertain the costs of these additional service and in doing so tailor the service to maximise the benefit of the service.

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A key unknown at the moment is impact of the Container Deposit Scheme on the co-mingled recycling bin. Most councils in the Grampians Central West region are intending to roll out glass services after the introduction of the CDS to ensure that the service takes account of the impact of the CDS on tonnages of co-mingled recycling.

Overall, it is expected that over time the impact of export bans and changes in contractors across the sector will likely result in significant increases in costs to councils, and ultimately rate payers.

3. Support from WRRGs who have established relationships with are likely to change with the establishment of the new authority

There is a significant amount of uncertainty within the sector due to the upcoming changes to WRRGs and the commencement of the new authority.

Streamlining of service provision to councils and seeking efficiencies may result in the dilution of the level of service currently provided by the WRRGs. The WRRGs have also identified that there is currently a significant risk of losing highly experienced staff during this period of uncertainty. The high risk of losing highly experienced and trusted staff who have already established their credentials with Councils, Communities and Industry will result in a notable impact on service provision and a reduction in the level of support currently provided to councils.

It would be highly detrimental to the goals of reducing waste to landfill and improving recycling and reuse rates if the ongoing uncertainty leads to loss of key personnel across the sector.

4. Development of a Regional West Materials Recovery Facility

GCWWRRG are currently working with the City of Ballarat and 18 councils in the region to explore the establishment of a Regional Materials Recovery Facility. The ultimate objective of this facility is to provide an alternate option for materials processing in the region, combined with the intention to develop local markets for the materials and avoiding transportation of wastes long distances to Melbourne. It is expected that a project such as this will result in higher costs for processing of material in the short term without sufficient grant funding being provided.

It should therefore be understood that grant funding is critical to creating resilience in the regional material processing market and creating a landscape where circular economy projects can be created.

5. Education and behaviour change support that councils have received is likely to change and have a more statewide focus

Waste and Resource Recovery Groups have been instrumental in supporting Councils to roll out changes to waste systems across their regions. They have been heavily involved in tailoring state-based campaigns to make a more meaningful impact locally and regionally. Removing control of education and behaviour change support from the WRRGs/waste authority increases the risk of disengagement by rural and regional communities. Metro-centric messaging has been tempered in the past, to allow a more amenable approach to be implemented locally thereby ensuring the overall success of programs.

WRRGs have worked with Councils extensively to understand each council region and its requirements. This has meant that education and behaviour change programs have been targeted and taken account of regional nuances. Engaged and positive communities are the ultimate goal of any education and behaviour change program, and understanding the intricacies of a region allow the best possible change for success.

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I trust that the feedback provided here will help VAGO understand some of the regional considerations in relation to delivery of waste management services by councils and potential impacts on the costs of service delivery.

If you have any queries with regards to this matter, please do not hesitate to contact me on [REDACTED] or by email – [REDACTED]

Yours faithfully,

[REDACTED]

Ragini Prasad
Executive Officer

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9 November 2021

Andrew Greaves
Auditor General
Victorian Auditor-General's Office
Via email enquiries@audit.vic.gov.au

Dear Mr Greaves

RE: RESPONSE TO PROPOSED REPORT ON COUNCIL WASTE SERVICES 2021

Thank-you for your letter of 29 October inviting our response to the proposed report on council waste management services.

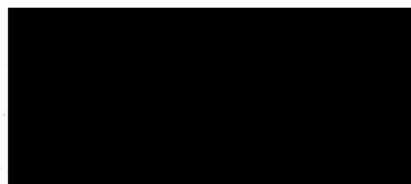
I am pleased to see the report has reflected the significant costs and efficiencies gained by local government, whom we partner with, to support many of the waste and recycling services detailed, but also highlighting their current limitations.

Collaborative procurements offer benefits to both industry and councils by guaranteeing a pipeline of material and increasing the value of services, with savings that can be passed on to the community. We are leading a collaborative procurement to improve kerbside recycling processing which provides councils with kerbside recycling processing through short term panel contracts from 1 July 2022. It enables flexibility for councils to navigate *Recycling Victoria* reforms whilst ensuring continuity of service.

We welcome the Victorian Government's *Circular Economy (Waste reduction and Recycling) Bill*, which includes a new authority, a container deposit scheme and kerbside reform. MWRRG will transition to the new authority on 30 June 2022 and Recycling Victoria (the new waste authority) will commence operating on 1 July 2022. We have been supporting the Department of Environment, Land, Water and Planning to develop a transition roadmap that will be used to ensure a smooth and seamless transition of our existing functions, staff and resources to Recycling Victoria. Over the year ahead we will continue to focus on delivering the critical streams of work currently underway and supporting the implementation of the Recycling Victoria reforms.

I look forward to reading the report when published. If you wish to discuss our response, please contact Josephine Regel, MWRRG's Director Operations, Planning and People, [REDACTED]

Yours sincerely,



Jill Riseley
Chief Executive Officer

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APPENDIX B

Acronyms

Acronyms

DELWP	Department of Environment, Land, Water and Planning
EPA	Environment Protection Authority Victoria
SV	Sustainability Victoria
WRRG	Waste Resource Recovery Group

APPENDIX C

About this review

Our *Annual Plan 2021–22* included a proposed audit of council waste management services. The audit objective was to determine whether local councils' waste management services provide value for money.

The proposed agencies included Bayside City Council, City of Ballarat, City of Melbourne, DELWP, Grampians Central West WRRG, Greater Dandenong City Council, the Metropolitan WRRG and SV.

As part of our audit planning we considered whether an efficiency audit into Victorian councils' waste management services would result in an impactful report and lead to process improvements and efficiency gains for councils.

Based on the evidence we obtained during planning, which is presented in this report, we found that continuing with a full performance audit would not provide value for money and instead decided to publish this report as a limited assurance review.

We conducted this limited assurance review in accordance with the *Audit Act 1994* and Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

A limited assurance review provides a lower level of assurance than a standard performance audit. In a limited assurance review we rely primarily on an agency's representations and other evidence generated by that agency to understand matters and develop a meaningful conclusion. We typically express conclusions for a limited assurance review in negative terms.

We provided a copy of the report to the Department of Premier and Cabinet and the Department of Treasury and Finance.

The cost of this review was \$150 000.

Auditor-General's reports tabled during 2021–22

Report title

<i>Integrated Transport Planning</i> (2021–22: 01)	August 2021
<i>Major Infrastructure Program Delivery Capability</i> (2021–22: 02)	September 2021
<i>Clinical Governance: Department of Health</i> (2021–22: 03)	September 2021
<i>Managing Conflicts of Interest in Procurement</i> (2021–22: 04)	September 2021
<i>Major Projects Performance</i> (2021–22: 05)	September 2021
<i>Administration of Victorian Courts</i> (2021–22: 06)	October 2021
<i>Protecting Victoria's Biodiversity</i> (2021–22: 07)	October 2021
<i>Management of Spending in Response to COVID-19</i> (2021–22: 08)	October 2021
<i>Supplying and Using Recycled Water</i> (2021–22: 09)	November 2021
<i>Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2020–21</i> (2021–22: 10)	November 2021
<i>Results of 2020-21 Audits: Local government</i> (2021–22: 11)	December 2021
<i>Council Waste Management Services</i> (2021–22: 12)	December 2021

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