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**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

**GOVERNMENT SUBMISSION TO THE PUBLIC ACCOUNTS
COMMITTEE CONCERNING
THE AUDITOR-GENERAL'S PERFORMANCE AUDIT REPORT
NO 5 OF 2012**

Management of Recycling Estates and E-Waste

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Minister for Territory and Municipal Services
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GOVERNMENT SUBMISSION TO THE PUBLIC ACCOUNTS COMMITTEE CONCERNING THE AUDITOR-GENERAL'S REPORT No. 5/2012: MANAGEMENT OF RECYCLING ESTATES AND E-WASTE.

The Auditor-General has prepared a report providing a performance audit reviewing the management of recycling estates and e-waste.

The focus of this audit was to provide an independent opinion to the Legislative Assembly on whether:

- the ACT recycling estates at Parkwood Road and Hume are effectively planned, regulated and managed to optimise recycling activities to meet the ACT's sustainability agenda; and
- the management of computer and television e-waste is consistent with government legislation and policy requirements.

The Management of Recycling Estates and e-waste Audit Report is timely and will be a valuable tool to progress the existing internal review of the management issues related to the Estates and E-Waste operations. The development and alignment of Estate Management Plans is regarded as key to the ongoing professional management of these critical functions.

The following is the ACT Government's responses to the recommendations contained in the final audit report.

Government Response to Recommendations

Recommendation 1

Management of the Hume Resource Recovery Estate

The Territory and Municipal Services Directorate (ACT NOWaste) should enhance its management of the Hume Resource Recovery Estate by developing:

- a. an Estate Management Plan to guide the short and long-term development of the site;*
- b. a risk management plan for the Estate; and*
- c. a monitoring and evaluation framework to guide an overall assessment of the Estate.*

(b and c could be part of the Estate Management Plan)

Government response

Agreed.

All actions will be undertaken when the Estate Manager is appointed. Interim arrangements will mirror the Estate Management Plan proposed for completion for all Estates at Recommendation 2, and be reviewed as development progresses and tenants are in place.

Recommendation 2

Management of the Recycling Estates

The Territory and Municipal Services Directorate (ACT Property Group) should update the 2005 Protocol between ACT Property Group and ACT NOWaste for managing the ACT's recycling estates.

Government response:

Agreed.

The protocol will be updated and implemented by July 2013 and will be developed in conjunction with the Risk Management Plan (Recommendation 4), and the Estate Management Plan (Recommendation 6). Once these documents are finalised, appropriate consultation with tenants will occur prior to implementation.

The updated protocol will be developed in stages with:

- Fire Risk Assessment updated by 30 September 2012;
- full Risk Management Plan review by 31 December 2012;
- tenant consultation plan and initial consultation by 28 February 2013;
- Draft Estate Management Plan by 31 March 2013;
- Estate Management Plan completed by 31 May 2013; and
- Revised Protocol adopted by 30 June 2013.

Recommendation 3

Adjustment of the Parkwood Road Recycling Estate rental charges

The Territory and Municipal Services Directorate (ACT Property Group) should review and increase rental charges for the Parkwood Road Recycling Estate to reflect current market rates.

Government response:

Agreed.

ACT Property Group has commenced work on rental rates through the commissioning of a market review that occurred in 2011. Negotiations will commence with tenants as soon as practicable to implement a fair market rent.

It is proposed to:

- complete a tenant consultation plan by 31 July 2012 (completed);
- obtain further valuations to ensure the integrity of the "current rental market rates" by 31 August 2012 (completed);
- determine the introduction of new rent levels, including consideration of phasing to enable tenants to transition from the site if they decide, as well as alignment of capital works program;
- commence negotiations with tenants as soon as practicable to implement the rental regime, commencing with renewals; and
- align the market review with the protocol by 30 June 2013.

Recommendation 4

Risk assessment and management plan

The Territory and Municipal Services Directorate (ACT Property Group) should:

- a. finalise its draft Risk Management Plan (June 2011) and draft Tenancies Policy and Procedure Manual (July 2011); and*
- b. develop a specific Risk Management Plan for the Parkwood Road Recycling Estate that includes information from a comprehensive fire risk assessment.*

This specific Risk Management Plan could form part of the ACT Property Group's Risk Management Plan (a. above) or the proposed Estate Management Plan that is the subject of Recommendation 6.

Government response:

Agreed.

The draft Risk Management Plan and draft Tenancies Policy and Procedures Manual will be finalised by July 2013. The updated Plan and Policy will be developed in conjunction with the protocol (Recommendation 1), and the Estate Management Plan (Recommendation 6). Once these documents are finalised appropriate consultation with tenants will occur prior to implementation.

Recommendation 5

Administrative arrangements under the Waste Minimisation Act 2001

The Territory and Municipal Services Directorate should activate its role as the ACT's waste regulator by appointing an authorised person under Part 4

(Enforcement Power) of the Waste Minimisation Act 2001 and this person should:

- a. foster the development of a waste regulation that controls the storage of waste, in particular stockpiling of recycling products; and*
- b. request that the Environment Protection Authority in the next review of the Environment Protection Act 1997 to work collaboratively with the Territory and Municipal Services Directorate to examine whether it or the Environment Protection Authority should be the ACT's waste regulator.*

Government response

Agreed

The Government agrees to the administrative arrangements under the *Waste Minimisation Act 2001*, specifically:

- a. Work is presently underway to develop, implement, report and review the required directions necessary to facilitate regulation of activities under the Act; and
- b. the review of the *Environment Protection Act 1997* is underway.

Recommendation 6

Management of the Parkwood Road Recycling Estate

The Territory and Municipal Services Directorate (ACT Property Group) should:

- a. clarify the purpose of the Parkwood Road Recycling Estate and name it accordingly;*
- b. develop an Estate Management Plan to guide the short and long-term development of the Estate;*
- c. develop a risk management plan for the Estate; and*
- d. develop a monitoring and evaluation framework to guide an overall assessment of the Estate.*

(c and d could be part of the Estate Management Plan)

Government response

Agreed.

As part of the protocol to be developed at Recommendation 2 and the Risk Management Plan (Recommendation 4), the purpose of the Parkwood Road Recycling Estate will be clarified and an Estate Management Plan developed. The Estate Management Plan will incorporate the Risk Management Plan and align with the protocol between ACT Property Group and ACT NOWaste.

Recommendation 7

E-waste monitoring and evaluation framework

The Territory and Municipal Services Directorate (ACT NOWaste) should develop and implement a long-term e-waste monitoring and evaluation framework to determine and report on the environmental, social and financial effects of e-waste projects. This should complement national requirements for reporting information but also include specific information on local effects that may not require reporting nationally.

Government response

Agreed.

The E-waste monitoring and evaluation framework will be required to be developed in conjunction with Environment and Sustainable Development Directorate, particularly as it relates to the local affects of the National Stewardship Scheme.

Recommendation 8

Planning, risk and outcomes

The Territory and Municipal Services Directorate (ACT NOWaste) should ensure it undertakes adequate planning, identifies risks and possible and probable outcomes, before seeking the Government's commitment to new e-waste service developments whether or not there is budgetary provision for these developments.

Government response

Agreed.

The ACT Insurance Authority has completed risk management training for ACT NOWaste staff.

Recommendation 9

Procurement processes and monitoring of contracts

The Territory and Municipal Services Directorate (ACT NOWaste) should improve its procurement processes and monitoring of its contracts by:

- a. procurement planning that includes realistic timeframes, explicit consideration of the level of expertise required and available, and the impact on existing service costs due to potential delays; and*
- b. routinely considering existing contract timescales, giving sufficient lead-in time to extending or re-letting contracts; and checking compliance with contract conditions.*

Government response

Agreed.

ACT NOWaste will continue its practice of routinely consulting with subject matter experts during the development phase of projects, including stakeholders from the private sector, national and state governments and other ACT Government Directorates. Contract compliance and timing of the re-tendering of contracts is regularly impacted by competing contract priorities and the availability of staff/resources in multiple Directorates. The future potential for outsourcing of Shared Services Procurement resources to Territory and Municipal Services Directorate is seen as a proactive response to these issues.

Summary

The Territory and Municipal Services Directorate has developed the Government Submission, agreeing to all nine recommendations.