

**2020**

**THE LEGISLATIVE ASSEMBLY FOR  
THE AUSTRALIAN CAPITAL TERRITORY**

**GOVERNMENT RESPONSE TO**

**AUDITOR GENERAL'S REPORT  
NO 5/2020 MANAGEMENT OF HOUSEHOLD WASTE SERVICES**

**Presented by  
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# Government Response to Auditor General's Report No.5/2020

## Management of Household Waste Services

### Introduction/Background

The ACT Government welcomes the Auditor-General's Report No. 5 of 2020: *Management of Household Waste Services* (the Report). The audit process is a valuable measure of transparency and accountability to the ACT community and is an opportunity to identify key learnings and areas of improvement.

As noted in the Report, ACT NoWaste within the Transport Canberra and City Services Directorate is responsible for implementing effective waste management programs that engage the community and encourage sustainable waste minimisation and management practices to achieve the ACT Government's waste policy objectives and waste targets. Key waste management services are provided by contracted service providers, including the kerbside collection, removal, processing and disposal of household waste.

The Report presents the results of a performance audit on the effectiveness of the management of household waste services in the ACT, including:

- strategic planning and governance arrangements, together with risk management, for the management of household waste services; and
- the administrative systems and processes to support these services, including contract management and service delivery arrangements for the collection and processing of:
  - kerbside general waste and mixed recyclables;
  - garden organics;
  - recyclables dropped off at Recycling Drop Off Centres;
  - salvageable items; and
  - mattresses.

A key focus of the Report was on the household kerbside waste and recycling collection contracts signed in 2013 and due to expire 2023. It is important to note that waste management and resource recovery has changed significantly in recent years, particularly since the introduction of the China Sword Policy in January 2018 instigated a global shift in recycling standards.

The ACT Government has also made significant investments in waste infrastructure over the past few years along with providing more services including:

- Providing green bins to every region in Canberra with 82,000 registrations (48% of ACT households), and 25,000 tonnes having been collected.
- Providing free bulky waste collections to all households in Tuggeranong and Gungahlin.
- Introducing a container deposit scheme with 21 return points across the ACT and 71.2 million containers returned in the first two years of the scheme.
- Upgrading the Materials Recovery Facility with new technology that will lead to a lower rate of contamination in recycled material and allow for more processing of recyclables.
- Constructing additional landfilling capacity.

The complexity and sophistication of household waste contracts continues to grow as governments seek new ways to reduce contamination, maximise resource recovery and minimise the amount of material going to landfill.

To this end, waste and recycling has undergone a transformation, taking it well beyond the traditional local council 'roads, rates and rubbish' mandate of previous years. This journey continues and measures have been put in place to deliver:

- A strong program of business improvement measures and more sophisticated strategic planning.
- Higher quality contracts with improved performance frameworks and better resource recovery outcomes.
- Strong strategic and policy advice for waste management of a growing city, and to influence the national waste agenda.
- Effective waste regulation through administration of the *Waste Resource Recovery Act 2016*.

The ACT Government acknowledges the recommendations in the Report, and thanks the Auditor-General for recognition that later contracts, such as the services agreement for the collection and processing of garden organics green waste, demonstrate an improved, more contemporary approach to service delivery contract models.

The ACT Government continues to explore options to improve strategic planning, enhance resource recovery, create strong policy frameworks and deliver strategic investments to provide high quality waste management for the ACT community.

## **Government Position on Recommendations/Findings**

### **Recommendation 1**

ACT NoWaste should determine and implement an approach to strategic planning for waste management services (including household waste management services). ACT NoWaste's strategic planning should include consideration of future service delivery, workforce and infrastructure needs.

#### **Government Position**

**Agreed**, noting work already underway to deliver future strategic planning.

There are three elements to this strategic planning framework:

#### 1) Strategic policy framework – *in place*

The ACT government considers that a strong strategic policy framework has been established through:

- *The ACT Waste Management Strategy 2011-25*
- *ACT Waste Feasibility Study 2018*
- *National Waste Policy (2018) and Action Plan (2019)*
- *ACT Climate Change Strategy 2019-2025*
- *Canberra Region Joint Organisation Regional Waste Strategy 2018-2023*
- *Canberra Region Joint Organisation and ACT Government Recycling Prospectus 2020*

These documents provide the context for planning decisions and project priorities within

ACT NoWaste, including the commencement of the ACT bulky waste service on 1 July 2020, and examining options to implement a household Food Organics and Garden Organics (FOGO) collection service.

2) Workforce and capacity – *under implementation*

A strategic workforce planning review has been undertaken and the recommendations are under implementation.

3) Strategic infrastructure framework – *in development*

The *Strategic Waste Infrastructure Plan and Planning Framework* consultancy has commenced and is analysing the service and infrastructure capacity required to meet the future needs of the ACT community. It is a foundational piece of work, with a 30-year vision to inform the development of ACT strategic waste infrastructure planning. The plan is expected to be complete by June 2021.

These three elements drive strategic planning for the delivery of waste management services. The Key household waste management contracts for kerbside collection of waste, recycling and green bins will come to an end in late 2023, providing an opportunity to develop and align new collection modelling and contract improvements that incorporate increased resource recovery, enhanced customer experience and service efficiency. A potential future Food Organics and Garden Organics collection service will also play a significant role in planning for the delivery of core services.

As such, a strategic plan for the delivery of waste management services will be developed in 2021, following finalisation of the *Strategic Waste Infrastructure Plan*.

## **Recommendation 2**

ACT NoWaste should determine and implement an approach to risk management for waste management services (including household waste management services). ACT NoWaste's risk management activities should support its strategic planning and operational decision-making.

### Government Position

**Agreed**, noting work in place to determine, consolidate and implement an approach to risk management.

ACT NoWaste continues to review and refine the business level risk register to better reflect the organisational requirements, planning and operational activities undertaken within ACT NoWaste.

This includes supporting the Australia Capital Territory Insurance Agency (ACTIA) 2019 Risk Management Policy and Guidelines and whole of directorate implementation of an Enterprise Risk Management (ERM) System.

To support this ACT NoWaste has recruited an Assistant Director, Environment, Risk and Safety, responsible for the coordination of risk planning and mitigation across the Branch. This includes:

- Ongoing development of risk registers
- Updating and testing of the ACT NoWaste Business Continuity Plan

### **Recommendation 3**

ACT NoWaste should review its Accountability Indicators and investigate the feasibility of expanding its Accountability Indicators to include measures on the disposal of household waste to landfill and processing of recycling.

#### Government Position

##### **Agreed.**

ACT NoWaste will undertake a review of its Accountability Indicators by June 2021 financial year, exploring the potential to include measures recommended by the Auditor-General and ensuring alignment with ACT NoWaste strategic planning frameworks and ACT Government budget process. Revised Accountability Indicators will be implemented from 2021-22.

### **Recommendation 4**

ACT NoWaste should develop and implement a rigorous approach to contract management for household waste services. In doing so it should:

- a) finalise and endorse the ACT NoWaste Contract Management Framework (March 2019) as well as relevant Inspection Work Instructions and Inspection Checklists;
- b) clarify expectations for Contract Management Plans for its household waste services contracts; and
- c) identify, document and manage risks associated with specific household waste services contracts through documented risk registers and risk management plans.

#### Government Position

**Agreed** noting work already underway to improve contract management for household waste services:

- The March 2019 Contract Management Framework provides a clear and transparent process to manage ACT NoWaste service delivery contracts. The ACT Government will finalise and endorse the Contract Management Framework, noting that it is a living document that will be updated on a regular basis.
- A review is of Inspection Work Instructions and checklists to ensure alignment with overarching TCCS contract management processes.
- Contract Management workbooks have superseded Contract Management Plans, and ACT NoWaste will look to remove the plans from the Framework. This will be undertaken with consideration to overarching TCCS contract frameworks.
- The Workbooks provide a functional tool that houses all information relating to the contract and is updated on a regular basis with key information such as monthly reporting and invoicing, inspections, meetings, key operational plans, contract variations, and transition plans.
- A new Performance Management Framework (PMF) integrated into the procurement for the bulky waste service, setting a clear and transparent process to determine contractor fees, and ensuring agreement to performance indicators. The Framework is now being considered for use in future service delivery contracts.
- Ongoing consolidation of contract risk registers and risk management plans.

### **Recommendation 5**

ACT NoWaste should review the model of operation of the recycling drop-off centres and determine whether it remains appropriate and in accordance with strategic goals for the management of waste in the ACT.

#### Government Position

**Agreed**, noting that an operational review of the Recycling Drop-Off Centre (RDOC) model is currently underway. This review will inform the strategic approach to RDOCs to be developed as part of the overarching *Strategic Waste Infrastructure Plan*, in accordance with the strategic goals for the management of waste in the ACT.

### **Recommendation 6**

ACT NoWaste should take into consideration the issues identified in this performance audit report in the future procurement of household waste management services and subsequent negotiation of services agreements.

#### Government Position

**Agreed** – ACT waste contracts are on a progressive path of continual improvement, as reflected in later service contract models such as green bin collections and bulky waste services. The ACT Government will consider the recommendations of the Auditor-General in the future procurement of household waste management services and subsequent negotiation of services agreements.