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**Summary of the audit report *Management of municipal waste***

The Court of Audit of the Republic of Slovenia (hereinafter: Court of Audit) carried out the audit of the efficiency of the Ministry of environment and spatial planning and Financial Administration of the Republic of Slovenia (hereinafter: Financial Administration) in setting the requirements for the handling of waste and supervision of management of municipal waste in the period 2009-2012.

It has established that the Ministry failed to strategically and fully regulate the area of municipal waste management, since the targets, approaches and measures to meet the targets were not defined and included into the operational programmes early enough. At the same time, no system of continuous monitoring and evaluation of execution of waste management policy has been set up. The Ministry has foreseen for most of the treated municipal waste to be disposed at dumping grounds, regardless of the fact that disposal is a less adequate option compared to incineration in the hierarchy of waste management options. Incineration is only used for approximately 12 per cent of all treated municipal waste in Slovenia.

The Ministry has also not prepared an adequate and comprehensive regulatory framework to regulate the area of municipal waste management. In its proposal of the law on protection of environment it introduced an exemption to the general provision of the law on public services which states that all public services should be regulated by law and not by-laws. The Ministry has namely suggested that public services of collection and treatment of municipal waste are organized for certain types of waste only and regulated by by-laws. When drafting the by-laws on rules and requirements for the performance of public services of collection, treatment and disposal of municipal waste the Ministry also failed to consult other stakeholders and submit the draft to the Government for adoption. Equally, the Ministry did not possess enough data to effectively monitor delivery of these public services at the municipal level and to assess the differences and possible shortcomings in their delivery in order to contribute to the achievement of targets set at the state level. Setting up public services of treatment and disposal of waste at the level of municipalities caused delays in building regional waste management centres because the municipalities were not in a position to effectively and timely negotiate and agree on the setting up of such centres, which has in consequence proved a risk to timely obtainment of funds for the building on these centres.

There were significant differences among municipalities in the share of municipal waste collected, however the Ministry did not look for causes of these differences. Some of the municipalities did not provide the public services of treatment and disposal of municipal waste in line with the regulations, which lead to incomplete reporting on the flow of municipal waste for all municipalities. The more than 20 per cent drop in volume of municipal waste collected in the period 2009-2012 cannot be attributed fully to objective factors such as measures for reduction of waste generation, fall of GDP and buying power of residents. Unreliable data prevented credible country comparison of municipal waste management practices and design of efficient measures for further improvements in waste management.

In the area of packaging and waste packaging management the Ministry did not establish clear relations between waste packaging dealers and public services providers nor criteria for compensation of volume among the dealers. For this reason some of them did not collect all waste from the public services providers. There were also no provisions in place on sanctions for such cases and insurance in case public services providers had to organize recovery themselves. This has led to the fact that the Ministry did not operate with reliable and credible data to calculate the achievement of targets for waste packaging management. Official data on volume of packaging on the market has shown approximately 50 per cent smaller quantities that data on volume of collected waste packaging, whereas the data on the recovery of waste packaging has been overestimated, which meant that the calculation of target achievement was not accurate. A lower reported volume on recovered packaging can in part be attributed to too high a dispensation rate for joining the waste packaging management system, set at 15 tons, and in part to poor quality of data on the entities supplying the packaging into the system at the Ministry and Financial Administration. Inadequate recording of transfers of waste packaging between dealers and final recovery operators lead to the overestimation of the volume of the recycled packaging. The Court of Audit assessed that at least half of the volume of packaging has not been included into the waste packaging treatment system, leaving less than half of the waste packaging subject to the regulated treatment. For this reason at least 16 million euro of duty on packaging has not been paid, which could be used for further development of waste packaging collection system and financing of necessary facilities. Also, further 900.000 euro have been lost by loss of environmental duty on the unrecorded packaging on the market. On the other hand, the Ministry did not set the rate of this duty at a level that would discourage breaches and at the same time provide financing for the recovery of environmental damage caused by the waste packaging.

It also failed to produce and publish the compulsory analysis of the reports of the waste management companies. In all, management of packaging waste has not been improved and remains to be fully financed from the price of public service of municipal waste collection, when at the same time packaging waste management companies annually record an average of 13 million euro of surplus, and use it for purposes not related to these activities.

The Ministry did not take the opportunity to use the environmental duty as the source of funds to finance the recovery of inadequate waste disposal in the past. The funds collected namely are income of the municipal budgets and therefore outside of the Ministry's influence. Even though it did impose an obligation on the public service providers to provide financial guarantee for the recovery of inadequate waste disposal, it did not bind them to retain the guarantees until the end of the disposal site life-time. For this reason the risk of these funds not being available when needed remains. No insurance instrument in the form of a compulsory designate deposit was set up, which could later serve as collateral for the guarantee affidavit by the municipality for the public service provider in relation to the state. Thereby no funds were available to be used as a deposit the interests of which could enable lowering the price of the public services. Instead, the Ministry favoured a bank guarantee or insurance policy which only increased the cost of the public service.

The Court od Audit required from the Ministry to undertake some corrective measures and issued recommendations for a comprehensive regulation of the field of municipal waste management and appurtenant public services at the strategic as well as operational level, with specific emphasis on analysis of flows of municipal waste, setting up the system of waste packaging management and effective environmental duties and financial guarantees.

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