

## SUMMARY

### **Consolidated report on conducted performance audits Municipal waste management in the Republic of Croatia**

(Zagreb, December 2022)

The State Audit Office conducted a performance audit of the municipal waste management in the Ministry of Economy and Sustainable Development, the Environmental Protection and Energy Efficiency Fund, 19 municipal utility companies that provide public services of the collection of mixed and biodegradable municipal waste and other services related to this public service in the territory of local government units, and in two companies that manage the Kaštijun Waste Management Center (hereinafter: WMC Kaštijun) and the Marišćina Waste Management Center (hereinafter: WMC Marišćina) with the aim of establishing a unique waste management system in the territories of the Istria County, i.e. the Primorsko-goranska County.

The audit objective were the activities of the authorities responsible for the establishment of municipal waste management at the state level and the local level, as well as the activities of the companies that manage WMC Kaštijun and WMC Marišćina regarding the municipal waste management in 2019 and 2020.

The audit covered the legal, strategic and planning framework of municipal waste management, achievement of goals set for municipal waste management, collection and disposal of municipal waste, financing the municipal waste management system, recording and monitoring data on municipal waste, reporting on municipal waste management, supervision of municipal waste management, educational and informative activities and publication of data on municipal waste.

#### **Key audit findings were as follows:**

- A significant number of regulations have not been adopted or was not adopted within the deadline, even though their adoption is prescribed by the Sustainable Waste Management Act from July 2013,
- Certain measures and activities determined by the Waste Management Plan of the Republic of Croatia were not fully implemented or implemented within the deadline, nor were the goals achieved sufficiently,
- The planned measure for the construction of waste management centers was not entirely completed and was not completed within the deadlines set by the Waste Management Plan of the Republic of Croatia,
- The implementation of the measure related to the obligation of payment of an incentive fee for reducing mixed municipal waste, has not been analyzed,
- The purpose of the funds collected from the incentive fee for reducing mixed municipal waste was not planned,
- There were no clear and definite instructions provided to the entities obliged to submit data through the Report on the work of the public service provider (hereinafter: Report of public service provider), and there was not established method of control, correction and validation of data,

- Procedures regarding the quality control of the data submitted to the Register of Environmental Pollution (hereinafter: REP) have been established, but there are deficiencies in data entries,
- No comprehensive controls have been established on the reported data on quantities of the disposed waste, and for those obliged to report the data, there were no provided instructions for filling in the individual data, in order to harmonize similar data collected through using different forms,
- A report on the implementation of measures and activities was not prepared, through which all the indicators determined by the Waste Management Plan of the Republic of Croatia would be visible,
- The results of the implementation of goals, measures and activities undertaken, were not analyzed systematically and with plan, in accordance with indicators of achievement of measures/activities, risks in the area of municipal waste management were not defined, and proposals and opinions were not given in relation to planning documents and the implementation of measures for dealing with municipal waste,
- A commission that would be responsible for systematic and continuous monitoring of the implementation of the Waste Management Plan of the Republic of Croatia, coordinating and harmonizing the activities of the entities implementing the said Plan and compiling reports on activities, has not been established,
- The annual business plans of municipal utility companies do not determine: the activities and goals of municipal waste management, the target values in reducing the amount of waste, the amount of financial resources, the deadlines for implementation, the sources of financing, etc.,
- Strategic plans that would define the long-term goals of municipal utility companies for a certain period have not been adopted. The strategic plan requires, among other things, within the competence of the company, to establish goals, measures and activities related to municipal waste management as determined by the Waste Management Plan of the Republic of Croatia, i.e. goals that need to be achieved by 2035 according to the Waste Management Act, which entered into force in July 2021,
- Separate collection of mixed municipal waste, bio-waste, recyclable and bulky waste at the billing point of the service user is not ensured, nor the separation and processing of a large part of useful components from bulky waste,
- The quantities and types of waste that are not included in the composition of mixed municipal waste in WMC Kaštijun are not determined, i.e. the quantities of bio-waste greater than 20.0%, which must be separated, taken over and disposed of and fee charged to the user,
- The capacity of landfill site 2A within the WMC Marišćina, where municipal waste from the Primorsko-goranska County is disposed of, has already been partially used, which calls into question the Center's estimated lifetime,
- The price of the public service is not determined in a way that encourages the separate collection of municipal waste, i.e. a collection and payment system has not been introduced in a way that it enables a lower price for the public service to be paid for a smaller amount of mixed municipal waste delivered,

- In 2019 and 2020, no procedures were initiated for the collection of contractual fines for actions of the public service users contrary to the concluded contract on the method of providing the public service of collecting mixed and biodegradable municipal waste,
- Records of revenues and expenditures from public services are not kept by certain municipal utility companies, so it is not possible to determine the existing revenues and expenditures from public services at any moment,
- The form of a Report of public service provider from certain municipal utility companies was not submitted to the representative body of the local government unit within the prescribed deadline and was not prepared in the prescribed manner,
- Data on waste are not submitted to the REP on all the prescribed forms and separate forms are not submitted to the competent authorities for each organizational unit, that is, for each location of waste management,
- Complete, consistent, credible, accurate and up-to-date data are not submitted within the REP, within the prescribed deadline,
- The record book on the generation and flow of waste is not kept for each organizational unit, that is, the location of waste management,
- In certain municipal utility companies, differences were found in the data on the amount of waste that they keep in the previously purchased computer programs and the e-ONTO information system,
- Municipal utility companies do not keep e-ONTO information system up-to-date, accurate and complete,
- The proscribed OOO Form does not provide accurate data on the disposed amount of waste,
- There are no adopted written procedures on the implementation of internal supervision of the waste management system, i.e. the conducting of the supervision of all processes and tasks related to waste management.

Based on the facts established within the audit and applying the established criteria, the State Audit Office assessed the management of municipal waste in **five municipal utility companies as effective with certain improvements needed**, while in **the Ministry of Economy and Sustainable Development, the Environmental Protection and Energy Efficiency Fund, 14 municipal utility companies and in two companies that manage WMC Kaštjun and WMC Mariščina as partially effective**.

The State Audit Office issued orders and recommendations whose implementation would improve the establishment of a legal, strategic and planning framework for efficient management of municipal waste, respectively, the operation of municipal companies in accordance with the aforementioned framework, the achievement of planned goals in municipal waste management, the establishment of the collection and disposal of municipal waste in accordance with regulations, the establishment of appropriate and transparent financing of the municipal waste management system that would encourage all participants to increase the amount of separately collected municipal waste, the establishment of the effective recording and monitoring of municipal waste data, the establishment of the reporting on municipal waste management waste, the establishment of the effective supervision

of dealing with municipal waste, implementation of educational and informative activities for citizens in the field of municipal waste management and transparency and public availability of data on municipal waste, would increase the efficiency of municipal waste management in the Republic of Croatia.

Moreover, the audit opinion was given to the companies that manage WMC Kaštijun and WMC Marišćina that it is necessary, in cooperation with the Ministry of Economy and Sustainable Development and the Environmental Protection and Energy Efficiency Fund, to undertake activities for the purpose of creating a strategic approach to energy recovery of waste and finding sources of financing the energy recovery of waste and include all bodies that participate in the process of taking over and disposing of fuel from waste and the secondary raw materials market.