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**Financing of a new waste management
system in Poland
- theory and practice in view of NIK audit**

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Theory

In 2012 Poland introduced new rules on waste management.

Municipalities – local government units and administrative divisions – are entirely responsible for waste management system and activities.

They provide selective waste collection, contribute to reducing their storage and managing it in the most efficient way, as well as preventing illegal disposal of garbage.

Theory

Municipalities should among others:

- ensure that all of the property owners are included in the commune system of municipal waste management;
- arrange for collection of municipal waste from property owners,
- set a selective collection system of municipal waste comprising at least the following waste fractions: paper, metal, plastic, glass and multimaterial packaging and biodegradable municipal waste, including biodegradable packaging waste;
- create easily accessible points of selective collection of waste such as expired drugs and chemicals, waste batteries and accumulators, waste electrical and electronic equipment, furniture and other bulky waste, used tires, green waste and construction and demolition waste which are municipal waste,
- ensure the achievement of adequate levels of recycling, preparation for re-use and recovery by other methods;
- provide for reduction of the weight of biodegradable municipal waste transferred to storage;

Theory

The system of waste management at the municipal level should be a balanced self-financing system.

The system should be financed from fees paid by residents. The municipality should not receive any additional income on that account, which would be earmarked to finance other tasks.

In theory establishing a new waste management system, as well as selective collection and recycling was to contribute to lowering the costs of both residents and municipalities.

Audit

The audit carried out in 2015 in 24 municipalities and surveys conducted in 2,116 others.

The audit have shown that the system did not function as intended, waste management is becoming more expensive and the expenses were not balanced with the income from fees paid by residents.



Main findings

- All the 24 audited municipalities failed to balance the financing of waste management system.
- The majority (60%) of municipalities revenues exceeded expenses. The record was set by Krakow, where property owners paid PLN 73 million more than it actually cost for the management of the collected waste (from 1 July 2013 to September 30 2014).
- Local governments preferred to overestimate the amount of fees collected from residents, rather than to pay extra from their own budgets later on.

Main findings

As the main reasons for the lack of balance between the revenues and the expenditure the representatives of the municipalities point out lack of experience in estimating quantities of waste and lack of stability of the new system in which property owners filed declarations of change.

According to NIK some municipalities inappropriately paid the remuneration to the companies receiving and developing waste in a form of a lump sum.

Main findings

There were difficulties in determining the number of persons required to pay fees for waste management and the basis for calculating the relevant fee. There is no one good solution.

- Most of the audited municipalities (21) applied the method which takes into account the number of people inhabiting a given property, based on the statements of residents.
- In two municipalities the rate depended on the surface of the property.
- In Krakow, the rate was charged per a household.

Among the residents of controlled municipalities surveyed on the amount of fees, 69% of respondents believed that the fees were not too high. But it was pointed out that such situations were not taken into consideration when the property is utilized seasonally.

Main findings

The municipalities reported that not all residents have made declarations regarding the number of people and decisions regarding the selective collection of waste.

Over 37% municipalities that responded to the NIK questionnaire, as the main reason that the revenues from the waste management system do not cover the costs indicated problems with the enforcement of charges.

NIK auditors pointed out, however, that the same municipalities do not always take the appropriate measures to react to such situation. Nearly 1/3 of the audited municipalities did not specify the fees to the owners who have not submitted the declaration. In several municipalities in turn, the claims from those who have made declarations, but did not pay, were not enforced.

Amount of expenditure made to cover the costs of the municipal waste management system and the amount of income related to the management in audited municipalities

	SPECIFICATION	RURAL MUNICIPALITIES	URBAN AND RURAL MUNICIPALITIES	URBAN MUNICIPALITIES	IN TOTAL	EXPENDI-TURE STRUCTURE
		PLN				%
1.	Amount of expenditure made on the municipal waste management system in total, including:	543 328 670	20 128 537	9 647 177	573 104 384	100,0
1.1.	Administrative service of the municipal waste management system	41 761 833	2 414 846	813 486	44 990 165	7,9
1.2.	Establishing and maintaining the selective collection points of municipal waste	22 778 082	738 477	174 352	23 690 911	4,1
1.3.	Pick-up, transport, collection, recovery and disposal of municipal waste	476 801 237	15 164 964	8 058 775	500 024 976	87,2
1.4.	Containers and bags for the collected municipal waste placed on properties, including maintaining the containers in a proper sanitary condition	82	335 227	18 203	353 512	0,1
1.5.	Other expenditure	1 987 436	1 475 023	582 361	4 044 820	0,7
2.	Amount of revenue obtained by the municipal waste system in total, including	483 385 123	21 872 205	10 402 253	515 659 581	100,0
2.1.	Fees for the municipal waste management	481 410 296	21 214 981	10 086 440	512 711 717	99,40
2.2.	Fines charged on the companies collecting municipal waste	158 240	9 378	52 750	220 368	0,04
2.3.	Fines charged on the owners of properties in the municipal waste collecting system	135 480	0	0	135 480	0,03
2.4.	Other revenues	1 681 107	647 846	263 063	2 592 016	0,50
	Surplus (+) deficit (-)	-59.943.547	+1.743.668	+755.076	-57.444.903	X



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Thank you



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