

Our reference: 20/164-6

Your reference:

Contact Sheridan Rapmund

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25 August 2022

Melanie Hawyes
Deputy Secretary, Crown Lands and Local Government
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via email

Dear Melanie,

Office of Local Government's (OLG's) submission to IPART review of Domestic Waste Management (DWM) annual charges

We would like to thank OLG for its submission to our Draft Report and its involvement to date in our review on DWM annual charges.

As you are aware, IPART is currently reviewing how we exercise our regulatory function relating to local government DWM annual charges. IPART's delegated function requires it to determine each year whether or not to set a maximum percentage by which councils can increase their DWM annual charges by (a waste peg). We commenced our review in November 2019 and have consulted with stakeholders through our Discussion Paper, public webinars and Draft Report.

We released our Draft Report in December 2021 which included our proposal to publish an indicative 'benchmark' waste peg and report on councils' performance against it. We sought feedback until mid-2022 via submissions from the community, ratepayers, local councils and other interested stakeholders.

We understand from our consultation that councils are facing a number of challenges and uncertainty in the domestic waste sector, particularly as they transition towards a circular economy in line with the NSW Government's Waste and Sustainable Materials Strategy 2041.

In OLG's submission (**Attachment A**), it recommended an alternative regulatory approach to ensure appropriate levying of DWM annual charges by councils. From OLG's submission and subsequent staff-level discussions, we understand that, in summary, OLG recommended that it:

- update its Rating and Revenue Raising Manual to provide further guidance to councils on key issues identified by IPART
- make it clear to councils that OLG can, if necessary, work with the NSW Audit Office to initiate performance audits on a case-by-case basis of any council or councils seen to be imposing unjustifiably high DWM service charges on their communities.

We are supportive of and welcome OLG's recommended regulatory approach that OLG provide further guidance to councils and identify and investigate 'outlier' councils. We agree that, at this stage, this is the best way forward to protect ratepayers and ensure councils have sufficient revenue to meet their efficient costs of providing waste services, given IPART's and OLG's respective regulatory roles. We agree and recognise that it is OLG's role to address many of the issues raised and identified throughout our review.

To allow OLG to undertake these functions, we recognise that greater transparency of DWM costs and charges will be needed. More transparency will also help to better inform and empower the public and improve future regulation of DWM charges.

IPART is happy to assist and support OLG in planning, developing and implementing changes to improve transparency and regulation of DWM annual charges going forward. IPART will rely upon OLG to exercise OLG's functions, and we anticipate we will make future decisions on DWM annual charges in that context.

We will make our decision on DWM annual charges for 1 July 2023 to 30 June 2024 in late September 2022 and intend to publish our Final Report on DWM annual charges at the same time (or shortly thereafter). Going forward we agree that OLG should manage its own consultation with councils and ratepayers. We have decided not to hold a public hearing as previously indicated for the DWM annual charges review, given the extensive feedback from stakeholders and information we have collected through the multiple consultation opportunities during this review.

Please feel free to contact us if you would like to raise any concerns. IPART's contact officer for this review is Sheridan Rapmund, Director, contactable on (02) 9290 8430.

Yours sincerely

25/08/2022

X 

Carmel Donnelly PSM

Chair

Signed by: Carmel Donnelly