

Review of Domestic Waste Management Charges
Independent Pricing and Regulatory Tribunal
PO Box K35
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SYDNEY NSW 1240

Consultation on the Review of domestic waste management charges

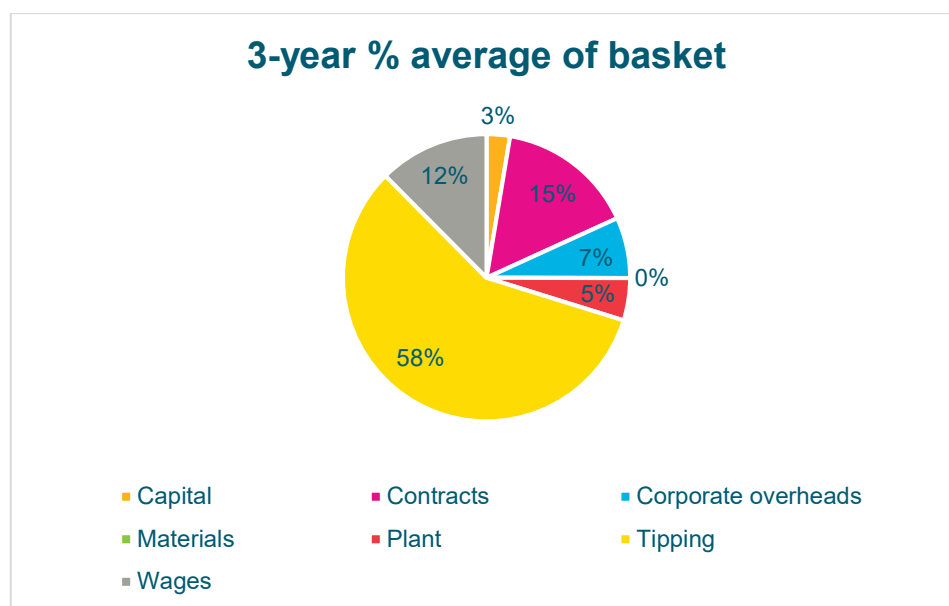
Thank you for the opportunity to participate in the consultation on the Review of domestic waste management charges discussion paper.

Our responses to your consultation questions are below:

1. Do you think our proposed annual 'benchmark' waste peg will assist councils in setting their domestic waste management charges?

No. Council has a robust and detailed system to manage its domestic waste management charge to ensure pricing is justified and fair to ratepayers.

Western Sydney Regional Organisation of Council's has engaged consultants experienced in local government domestic waste pricing to review and analyse the actual annual increases over the last three years on the basket goods (cost items) pricing principles for domestic waste collection services.



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Operational expenditure item type	3-year average	Average % increase	Contribution to index increase
Capital	2.63	0%	0.00
Contracts	15.56	5%	0.78
Corporate overheads	6.85	3%	0.22
Materials	0.00	0%	0.00
Plant	4.77	4%	0.20
Tipping	57.76	3%	1.73
Wages	12.44	4%	0.49
Total	100.00		3.42

The analysis reviewed both the costs and the quantity of goods for over a three year period resulting in a 3.42% increase in the domestic waste cost price index for Blacktown City Council. This amount falls in line with the 3.25% increase in the domestic waste management charge over the same period.

If IPART was to recommend the implementation of a waste peg, consideration must be made as to how waste costs unique to each council's processing and disposal method or contractual arrangements could be accommodated.

IPART should also consider a council's long-term financial planning for items such as capital improvements to a waste depot (where an in-house service is provided), plant purchases and planning for increases in disposal fees.

Council would prefer that it used the benchmarking and rebalancing model previously proposed in August 2020. We consider this a balanced approach between a council's ability to set a charge reflective of community needs and offers IPART the transparency and accountability it is seeking.

2. Do you think the pricing principles will assist councils to set domestic waste management charges to achieve best value for ratepayers?

Yes, if designed collaboratively with councils to ensure they are reflective of current processes.

Pricing principles must acknowledge that councils base their waste service provisions on community consultation/needs, and waste and resource recovery strategies that respond to a range of factors. It must recognise the importance of a quadruple bottom line approach councils undertake when providing waste and resource recovery services to our community.

In setting the pricing principles, councils need to be able to undertake a quick and simple process to support compliance, such as the rebalancing model originally proposed in August 2020.

The new pricing principles will also need to clarify of the definitions of 'waste' and 'domestic waste management services' in the NSW Local Government Act and OLG Rating and Revenue Raising Manual.

They need to clearly articulate what services and functions can be included under Principle 1 (including kerbside collection service, bulky clean-up, education, community recycling centres, problematic waste, recycling, strategy development, resource recovery programs, illegal dumping attributable to domestic waste sources) and how these definitions are applied in the pricing principles.

The pricing principles need to allow benchmarking in a way that reflects varying service levels, housing densities and community expectations.

3. Would it be helpful to councils if further detailed examples were developed to include in the Office of Local Government's Council Rating and Revenue Raising Manual to assist in implementing the pricing principles?

Yes, but this may be difficult as IPART fails to recognise the diversity of councils and the range of services they offer.