

19 April 2022

Independent Pricing and Regulatory
Tribunal (IPART) NSW
PO Box K35
Haymarket Post Shop NSW 1240

Submission on the draft report of the Independent Pricing and Regulatory Tribunal of NSW's (IPART) review of domestic waste management charges

Dear Ms Rapmund,

As one of Southern Sydney Regional Organisation of Council's (SSROC), Burwood Council welcomes the opportunity to provide feedback on IPART's review of the domestic waste management charge (DWMC) draft report.

Burwood is a cultural melting pot of inclusive and diverse communities with a thriving business and retail centre surrounded by historic villages, each with their own distinct character and charm. The Local Government Area (LGA) covers 7 square kilometres, includes Burwood, Burwood Heights Croydon Park and Enfield and parts of Croydon and Strathfield.

The quality of life residents enjoy, the central location, local schools and excellent transport infrastructure has made the Burwood LGA an attractive destination for people to live, work and visit. As the first strategic centre west of the Sydney CBD, Burwood will strengthen its role in Sydney over the next 10 years, attracting new business sectors, higher skilled jobs and a diverse mix of housing. By 2036 the population of the Burwood LGA is anticipated to nearly double to 73,500.

Summary of Burwood's position

Whilst Burwood supports a clear, efficient, and transparent DWMC and pricing principles, we strongly oppose any measure that inhibits councils' ability to deliver the range of high-quality domestic waste management services expected by our community, mandated by the NSW Government, and that are necessary to meet waste and resource recovery targets. Rising costs due to factors out of Council's control – including limited competition in the waste sector, COVID-19, COAG export bans, inflation, and climate disasters, to name a few – require a sufficiently flexible revenue raising mechanism and clear pricing principles that can accommodate newly mandated service obligations such as FOGO and significant year-to-year variability in the market.

Consequently, Burwood's positions on the decisions in the draft report are as follows:



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- Burwood opposes the approach proposed in IPART's draft report in December 2021 (clarified pricing principles and a voluntary indicative rate peg of 1.1% in 2022/23 (voluntary peg) and does not believe that the voluntary peg will assist council in setting our DWM charge. The timing of any major adjustment to council revenue raising mechanisms is inappropriate and extremely challenging given rising market-based costs, the NSW Government's transition to a circular economy, including a mandated FOGO service by 2030, and the increasing incidence of natural disasters. Furthermore, the 1.1% indicative peg for 2022/23 disincentivises Council from expanding and improving waste and resource recovery services, further entrenching business-as-usual and discouraging innovations at a critical juncture.
- In addition to these issues of not accounting for increasing costs outside of Council's control, increasing community expectations for additional services and compliance with NSW Government strategies, the voluntary peg is also based on historic price increases that can be irrelevant by the time the peg is applied. For example, the proposed 2022/23 peg is based on changes to price indices to end June 2021 only, which asks councils to ignore knowledge of inflation and fuel increases since July 2021.
- Based on the definitions of 'domestic waste' and 'domestic waste management services' in the Local Government Act and the Office of Local Government's (OLG) Council Rating and Revenue Raising Manual (hereinafter, 'OLG Manual'), neither the voluntary peg nor the approach proposed in IPART's discussion paper in August 2020 addresses the following:
 - benchmarking of waste service costs
 - clarify pricing principles
 - rebalancing relevant cost allocations from the DWMC to general rates
 - streamline a reporting mechanism
 - regulating only the benchmarking & rebalancing to fully address the needs of councils to provide all the services and functions required to minimise landfill and maximise resource recovery from waste generated by individual parcels of rateable land
- Given a choice between benchmarking & rebalancing and the voluntary peg, we would prefer benchmarking & rebalancing on the conditions that this is done through a fast-track process similar to a Crown Land adjustment (does not involve a special variation) and that all domestic waste management services and functions necessary for minimising landfill and maximising resource recovery from domestic waste, including non-kerbside services such as community recycling centres (CRCs) and drop-off events for problematic, hazardous, and other materials such as e-waste and textiles that are not readily or cost-effectively manageable through kerbside services, are stipulated in the pricing principles published in the OLG Manual.



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- Whilst Burwood acknowledges that updated pricing principles play an important role in providing clarity and consistency with regard to which domestic waste management services can be incorporated in the DWMC, it is Burwood's understanding through SSROC, that the OLG Rating and Revenue Raising Manual is not legally binding. Therefore, we call for IPART to work with relevant authorities such as OLG and the NSW Minister for Local Government to ensure that these definitions in the Local Government Act are modernised to be fit for purpose and aligned with the objectives of the WaSM, which aims to transition NSW to a circular economy, and the Waste Avoidance and Resource Recovery (WARR) Act, which prioritises material efficiency and resource management based on the waste hierarchy according to the highest order of use.
- While Burwood supports clear, efficient, and transparent DWMC charges and pricing principles, based on the expanded coverage of services under the definitions as proposed in the above, we propose that charges for services to manage particular streams of waste – including CRCs and drop-off events for problematic, hazardous, and other materials such as e-waste and textiles, and potentially illegal dumping – with a delineable link to rateable parcels of land, or that portion of these streams with a delineable link to rateable parcels of land be calculated on a proportional basis. This would be similar to an availability charge to ensure councils can raise sufficient funds to cover the baseline costs to make these services available to all residents even if not all residents necessarily use or need them. It should be noted that even charges for primary kerbside services are already somewhat proportional as the presentation rate changes every week and some residents generate more or less waste than others, contributing a different proportion of a council's total weight-based waste levy and landfill gate fee.
- Burwood strongly advocates for allowing councils to utilise the waste reserve to provision for reasonable future obligations, including climate events and other emergencies, rapid market-based cost increases, capital expenditures for planned services such as FOGO or planned waste-related infrastructure such as CRCs, and other reasonable market risks.
- Should IPART decide to proceed with benchmarking & rebalancing, benchmarking of waste service costs must reflect varying service levels, densities, and community expectations between councils.
- IPART proposes a pricing principle of 'incremental cost' - where costs should only be allocated to DWM revenue if it is certain these would no longer be incurred if the DWM services were not provided directly by Council. For example, IT staff or executive staff should not be included, unless it is known staff numbers would be reduced if DWM services were no longer provided.

However, while removing any single council operation may not require a reduction in staff or related costs, these shared services and costs are a



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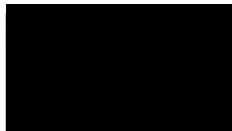
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cumulative requirement of all Council operations, programs and services. As an example, Council may still require an Assets Directorate even if one of the following services was no longer provided: waste services; civil works; parks; major projects; etc. But this Directorate and related administrative and executive roles may not be required if all of these services were removed. As such it's not reasonable to say that each of these activities individually does not contribute to the requirement for this position. A more reasonable and fair approach would be to base the need for salary, administrative and related overhead costs based on an estimated average contribution of the relevant operational area. For example, if 20% of a customer service member, IT staff member, or director's time is spent on waste matters, then DWMC should be able to cover that proportion of that staff member and related resources & overheads.

In conclusion Burwood strongly reiterates our support for a clear, efficient and transparent DWMC and pricing principle, however we also strongly opposed to any measure that inhibits Council's ability to deliver high quality services to our community. We believe that the decisions in the draft report will not only be harmful but will also not solve the issues surrounding the disparity between councils DWMC that originally triggered this review.

Thank you for the opportunity to provide feedback on this review. If you have any questions, please do not hesitate to contact me on [REDACTED]

Yours faithfully,



Tommaso Briscese
GENERAL MANAGER