

29 April 2022

Review of Domestic Waste Management Charges  
Independent Pricing and Regulatory Tribunal  
PO Box K35 Haymarket Post Shop  
Sydney NSW 1240

Dear tribunal members

### **Review of Domestic Waste Management Charges**

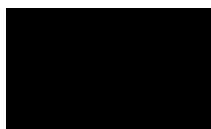
Council welcomes the opportunity to participate in this consultation and to respond to any further issues that arise from the review process. Our response to the review is attached for your consideration.

Council has benefited from participation in a joint procurement of waste processing/disposal services with three other Councils in south west Sydney under a 15 year contract which yields significant benefit to residents.

Should you require any further information, please do not hesitate to contact Mr Nathan Lakeman, Resource Recovery and Waste Services Coordinator.

For any further enquires please contact Nathan Lakeman Resource Recovery Waste Services Coordinator on [REDACTED]

Yours sincerely,



Jim Baldwin  
**Director City Development**

**Do you think our proposed annual 'benchmark' waste peg will assist councils in setting their DWM charges?**

We generally support the idea of the implementation of an annual benchmark as a guide and reference point for comparison.

Over the last five years the state average annual increase in DWM charges was 4.5%, the average annual CPI increase over this same period was 1.9%. Based on this we believe that the proposed 1.1% benchmark is too low.

A large proportion of Council's cost drivers for domestic waste services are determined by other cost drivers that are outside of our control such as award-based salary increases, fuel prices, CPI and inflation. Based on this we believe that at a minimum the benchmark should be at least in line with CPI.

The IP&R framework is based on an annual DWM charge increase of between 2.5% to 3.0% to address projected increases across the key cost drivers, CPI increases and growth in the region. Reducing this annual DWM charge increase to 1.1% would impact the Councils ability to recover actual costs in relation to service provision.

Also NSW EPA Waste and Sustainable Materials Strategy requires the diversion of all organic waste from landfill by 2030, we have conducted a feasibility study which identified a 14% increase in costs associated with the transition from a Garden Organics only collection service to a Food and Garden Organics collection service.

Setting the benchmark significantly, lower at 1.1% will result in most councils simply being unable to align with the benchmark long term. This will also result in a large number of Councils being highlighted in the proposed IPART annual report every year. Additionally it is unclear what actions will be taken should a Council be identified as an 'outlier' in IPART's annual report, this provides Councils with a great deal of uncertainty.

With the above in mind we request that IPART review the way the benchmark is calculated and at a minimum bring it in line with CPI as a recognised cost index.

**Do you think the pricing principles will assist councils to set DWM charges to achieve best value for ratepayers?**

Yes, we support the intention behind the pricing principles proposed by IPART. Renewed guidance from the OLG will also assist councils in aligning their annual charges with the reasonable costs required by the *Local Government Act 1993*. It is our view that a review of the reasonable cost calculation in conjunction with key stakeholders will continue to achieve best value for our communities.

Pricing principles need to be designed to provide councils with clarity and ensure that a broad range of essential domestic waste services and functions can be funded via DWM revenue. The setting of an arbitrary peg would not allow councils to make annual charges that are based on the reasonable cost of providing the service. Services such as hazardous waste disposal in the form of Community Recycling Centres and collection events should be funded via DWM revenue.

**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, they assist in providing clearer guidance in relation to the calculation of costs.

Detailed examples would ensure all stakeholders have consistent definitions of reasonable costs. Councils would support the updating of definitions (such as 'domestic waste management service') within the Local Government Act 1993 and in the associated Council Rating and Revenue Raising Manual.