

28<sup>th</sup> April 2022

Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop  
SYDNEY NSW 1240

## **Review of Domestic Waste Management Charges Draft Report submission**

Thank you for the opportunity to provide comment on the Independent Pricing and Regulatory Tribunal (IPART) *Review of Domestic Waste Management Charge Draft Report December 2021*.

Lithgow City Council is part of both NetWaste and WSROC and has provided input to submissions from these organisations. Lithgow Council submits further comments for key issues relevant to our region.

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

Lithgow Council strongly disagrees that a proposed annual 'benchmark' waste peg will assist councils in setting DWM charges. There are many complexities associated with the cost of delivering waste services. These include:

- population size, density and geographic distribution,
- number and availability of service providers,
- levels of service,
- External costs pressures (e.g. China Sword, increased regulation).

A waste peg cannot be calculated that takes into account all variables. Further, a waste peg cannot account for the community's willingness to pay for additional services and resource recovery. Waste management is an area where the community expects a certain level of service, and this level of service will vary between communities. A waste peg will inhibit the ability of a council to achieve community expectations and the NSW Government resource recovery targets under the *NSW Waste and Sustainable Materials Strategy 2041*.

Publishing an annual 'benchmark' waste peg and report highlighting councils that exceed the waste peg will lead to additional pressure on councils to reduce waste services and resource recovery targets. Sufficient mechanisms already exist, primarily the Integrated Planning and Reporting process, for councils to engage with their community on appropriate DWM costs.

Whilst it is acknowledged that councils have the option increase the DWM charge above the waste peg with explanation, this will be an additional administrative burden and will apply unnecessary pressure to opt for lower levels of service.

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

The publication of pricing principals by the Office of Local Government (OLG) will provide valuable guidance to councils on how to set DWM charges in their Council. This should offer a solid justification for the setting of DWM charges and negate the need for a separate benchmark waste peg.

*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?*

Much of the development of the examples found in the manual would depend upon how relevant the examples are to each individual council, being so different from one council to the other. For example, there are no two councils within the NetWaste region with the same DWM charges, combined services, or budgets. Comparing council rates and charges would not be reasonable. Although it would assist in the transparency of the process, the implementation would be open to much interpretation. Detailed examples would assist provided these were used for guidance only.

#### *General comments*

The proposed approach of rebalancing, as detailed in the *Local Council Domestic Waste Management Charges Discussion Paper August 2020* released by IPART is preferable over a waste peg. The publication of pricing principles, combined with rebalancing, provides a better mechanism than a waste peg to ensure DWM charges reflect the levels of service provided.

Auditing of overhead expenses applied to DWM charge would ensure councils are correctly developing their waste charges.

If you require any further information please contact Council on 6354 9999 or email [council@lithgow.nsw.gov.au](mailto:council@lithgow.nsw.gov.au)

Yours sincerely

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