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Date of submission: Monday, 17 January 2022

Your submission for this review:

Thank you for the opportunity to comment. Nambucca Valley Council considered the matter at its meeting on 13 January 2021 and resolved: 1 That the NSW Independent Pricing and Regulatory Tribunal (IPART) be advised that its proposals are supported in principle, however it is not agreed there should be a consideration of a binding waste peg in the future for the same reasons there is no peg on pricing for water and sewerage charges. Further that Council would welcome the proposed approach to DWM charges being applied to general rating. 2 That IPART be requested to investigate whether or not EPA design and reporting requirements for landfills are excessive and their contribution to increasing DWM charges. The report prepared by Council staff in relation to the matter is attached for your information. Michael Coulter General Manager Nambucca Valley Council

GENERAL MANAGER'S REPORT

ITEM 9.10 SF770 130122 INDEPENDENT PRICING AND REGULATORY TRIBUNAL (IPART) - REVIEW OF DOMESTIC WASTE MANAGEMENT CHARGES - DRAFT REPORT - DECEMBER 2021

AUTHOR/ENQUIRIES: Michael Coulter, General Manager

SUMMARY:

The NSW Independent Pricing and Regulatory Tribunal (IPART) has released the **attached** draft report on their review of domestic waste management (DWM) charges. Submissions on the draft report are due by 25 March 2022.

IPART propose to publish an annual report that highlights councils whose DWM charges have increased by more than the benchmark waste peg and include the councils' explanations for the increases.

RECOMMENDATION:

- 1 That the NSW Independent Pricing and Regulatory Tribunal (IPART) IPART be advised that its proposals are supported in principle, however it is not agreed there should be a consideration of a binding waste peg in the future for the same reasons there is no peg on pricing for water and sewerage charges. Further that Council would welcome the proposed approach to DWM charges being applied to general rating.**
- 2 That IPART be requested to investigate whether or not EPA design and reporting requirements for landfills are excessive and their contribution to increasing DWM charges.**

OPTIONS:

The Council has discretion as to whether or not it makes a submission and the content of that submission.

DISCUSSION:

The NSW Independent Pricing and Regulatory Tribunal (IPART) has released the **attached** draft report on their review of domestic waste management (DWM) charges. Submissions on the draft report are due by 25 March 2022.

Councillors will be aware that domestic waste management (DWM) is a key responsibility for councils. To recover the cost of waste services councils are permitted to levy domestic waste management charges separate to general rates on a "user pays" basis. Unlike general rates, domestic waste management charges have never been subject to any form of cost control such as pegging. Instead councils are required to set DWM charges that do not exceed the reasonable cost of providing DWM services and revenue collected through DWM charges may only be used for DWM purposes.

To protect ratepayers and assist councils in setting their DWM charges IPART propose to publish annually a "benchmark" waste peg. The benchmark waste peg would be non-binding on councils and is intended to give guidance to ratepayers and councils on how much the reasonable cost of providing DWM services should change year to year. IPART also propose to request councils whose charges increased more than the benchmark waste peg to explain why.

IPART propose to publish an annual report that highlights councils whose DWM charges have increased by more than the benchmark waste peg and include the councils' explanations for the increases. IPART state this will provide greater transparency to ratepayers, councils and IPART. Ominously IPART flag that the publication of this information will enable them to assess if DWM charges should be regulated through a binding DWM waste peg or setting individual DWM charges in future.

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IPART note that DWM charges have increased by more than double inflation and general rates, and that there is a wide range of charges across councils and that they don't have sufficient evidence to explain why the costs of providing services have varied.

The IPART proposals are all supported in principle for the reasons enunciated by IPART. However it is not agreed there should be a consideration of a binding DWM waste peg in the future for the same reason there is no peg on pricing for water and sewerage charges. This is because of the lumpy capital investment requirements and the fact that most of the significant cost drivers are outside the control of councils.

However comparative data in relation to DWM services will be difficult to fairly present due to a wide variation across councils in relation to levels of service. The cost drivers in charges are also numerous and their significance varies, particularly from metropolitan to rural councils. Many of the cost drivers are outside the control of local government. By way of example the IPART report identifies the following recent external cost drivers which have resulted in price increases:

- 1 China's National Sword Policy
- 2 Federal Government's export ban in waste and recyclables
- 3 Lack of new investment in waste infrastructure brought about by regulatory uncertainty faced by the private sector. The NSW EPA's decision (made without notice) to remove the landfill exemption for mixed waste organic outputs (MWOO) is an example of this.
- 4 Increases in the NSW Waste Levy
- 5 Market concentration
- 6 The container deposit scheme (CDS)

Other more insidious cost drivers are incremental shifts to more stringent design and reporting requirements for operators of landfills which are premises licenced by the EPA.

A recent example is advice received from the NSW EPA requiring Council to upload volumetric surveys of its landfill twice a year. To not comply with the EPA's direction is an offence under Clause 23 of the Waste Regulation. There seems to be no purpose to the required volumetric surveys other than to provide the EPA with some comfort the landfill operator is paying the required waste levy. And even then the amount of cover material which is used would make any direct comparison between aggregated weighbridge docketts and the volumetric survey almost pointless. Each survey requires Council's Surveyor to commit about one day of time to the job. Besides querying the necessity for the survey it should also be queried why it is necessary twice a year rather than say once a year.

In relation to general EPA reporting requirements for Council's landfill, the Civic Services Coordinator is obliged to report on the following:

- Volumetric Surveys - Bi-annually
- Weighbridge Data – Bi-annually
- Landfill Levy Returns - Monthly
- Landfill Licence Returns – Annually
- Landfill Scheduled Monitoring and Sampling - Monthly
- Landfill Special Frequency Sampling – Rainfall events
- Landfill Event Based Sampling – Rainfall events
- Discharge Event Sampling – Rainfall events
- Pollution Incident Report Management Plan (PRIMP) – Continuous
- Analysis and Assessment of Surface and Ground Water Data – Continuous
- Landfill Licence Variations – Continuous
- Website Publication of Surface and Ground Water Data Results – Monthly
- Website Publication of Landfill Licence Returns – Annually
- Waste and Resource Recovery Data Survey - Annually

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With diminishing landfill opportunities along the NSW coastal strip; more stringent environmental compliance requirements; more stringent government mandates for recycling and reduced methane emissions there is every chance that DWM charges will continue to increase at rates well in excess of inflation.

CONSULTATION:

There has been consultation with Council's Civic Services Coordinator who has day to day responsibility for Council's domestic waste service.

SUSTAINABILITY ASSESSMENT:**Environment**

At this stage there are no environmental implications.

Social

At this stage there are no social implications.

Economic

At this stage there are no economic implications.

Risk

There are risks pertaining to Councils being held responsible for increases in DWM charges for reasons largely outside of their control. Decisions made by the NSW and Australian Governments have had a significant effect on domestic waste management costs.

FINANCIAL IMPLICATIONS:**Direct and indirect impact on current and future budgets**

At this stage there are no budgetary implications.

Working funds – justification for urgency and cumulative impact

There are no implications for working funds.

Service level changes and resourcing/staff implications

If the IPART proposal is adopted then the Council will have another reporting obligation in relation to its DWM charges. As most of the required information has to be formulated for the Operational Plan and Delivery Program it should not result in a significant resourcing requirement. However the nature of government seems to be facilitating additional reporting requirements without ever reducing them. Hence there continues to be more staff resources required to attend to mandatory reporting requirements directly or indirectly associated with DWM. This is discussed in the report.

ATTACHMENTS:

1 75641/2021 - Draft-Report-Review-of-Domestic-Waste-Management-Charges