

Neighbourhood Forum 5

Wollongong's Heartland



**Coniston, Figtree,
Gwynneville, Keiraville,
Mangerton, Mount
Keira, Mount St
Thomas, North
Wollongong, West
Wollongong,
Wollongong City.**

IPART re Domestic Waste Management Charges (DWMC) Submission by Wollongong Neighbourhood Forum 5 - 29 April 2022

Wollongong City Council's Neighbourhood Forums (NF) are independent groups run by community members to assist Council with information and knowledge about their local community's aspirations, visions, needs and concerns, and to provide advice to Council on policies and strategies which relate to their area. NF5 area includes Wollongong CBD, Foreshore, Hospital, University and nearby residential suburbs. The NF5 community includes residents with diverse experiences with Government and Private organisations, all of whom are affected by Council's DWM services.

In September 2020 NF5 made a submission on Independent Pricing and Regulatory Tribunal (IPART) Discussion Paper on domestic waste management charges, which had found variability and relatively large increases in DWMC across Councils. IPART has now provided a draft Report that includes they don't have sufficient evidence to explain why the costs of providing services have varied, and inviting submissions by 29 April on their three draft decisions, ie:

- to publish a "benchmark waste peg" each year, require Councils to explain if exceeded & consider fixing a waste peg;
- to provide an annual report on Councils that exceed the benchmark; and
- for OLG to publish "pricing principles".

The Report acknowledges a long-term lack of effective NSW Waste Strategies and huge Levy increases (yet minimal return to Councils, thus driving up Council costs). In recent years government decisions contributing to extra costs include:

- China's National Sword Policy (re acceptance of recycled materials for processing),
- the Australian Government's export ban on waste & recyclables,
- NSW waste levy increases,
- NSW Container Deposit Scheme,
- NSW recent Waste Strategy (including phasing out single-use plastics, mandating FOGO services and target increases),
- NSW policies (eg MWOO revocation),
- NSW Government's lack of support & regulatory risk for investment in new waste infrastructure, and
- resulting market concentration for collection services, transfer stations, recycling & processing facilities and landfills.

The Report touches on some factors affecting costs, and a perusal of the government's helpful annual waste reports shows significant differences in circumstances and services for Councils.

For example, in the Illawarra, Kiama Council's typical DWMC is 44% more than Wollongong's for many identifiable reasons, reinforcing the "benchmark waste peg" approach appears illogical and unsupportable.

NF5 submission in 2020 addressed Wollongong Council's charges, which shows minimal increase in DWMC av ~2% pa in the 7 years to FY 2022 (v Levy ~4% pa), whereas DWMC av ~12% increase in the previous 8 years to FY 2015, (v Levy ~12% pa). This reduced after waste reserves had grown, and Council introduced ~24% general rates increases "to address asset renewal requirements and financial sustainability" in three stages, starting from FY 2015. Allocations from waste reserves enabled Council to introduce the FOGO service for households, but ongoing annual costs will need to be included in future DWMC increases.

About 88% of Wollongong Council's domestic waste management costs are "fixed", to meet contractual obligations for collection of waste, recyclables, FOGO & bulky waste, processing at various facilities, plus landfilling at Council's Whyte's Gully site and NSW Levy charges. Normal clauses in commercial contracts allow for annual increases, some at CPI and others subject to government interventions & market realities, being inevitably far more than a 1.1% pa "benchmark waste peg" (which would be ~\$400,000 in FY 2023, whereas additional cost increases would exceed ~\$1 million). However if a special rate variation application is not approved by IPART, then Council waste improvements and/or unrelated services may need to be cut to cover the shortfall, which would result in unwarranted detrimental economic, social and environmental outcomes.

Also IPART's proposed incremental cost method for allocation of overheads is opposed. It appears to be flawed, provides no value for ratepayers, diverts resources, adds costs and a bureaucratic money-shuffling exercise to the general fund budget, which is already constrained by annual "rate pegging" restrictions. It is noted that the SMH recently reported the Minister has conceded that IPART's method of calculation of maximum rate rises (re "rate pegging") is inadequate and must be reviewed.

In addition, given the variety in DWMC increases due to differing circumstances, and the cumulative impacts on Councils and the community by government decisions, strategies & targets (eg re resource recovery and circular economy), it is essential and timely that the NSW Government be requested to urgently reform the Local Government Act 1993 to include updates and clarify requirements for items which can be included in the scope and definitions for setting Council DWMC.

Therefore it is submitted that:

- IPART's "one-size fits all" benchmark waste peg proposal is opposed,
- their 1.1% for FY 2023 is obviously inadequate to cover unavoidable price increases,
- hypothecation of waste levy income is essential for expenditure on waste-related operations, infrastructure, improvements and innovations,
- the LG Act needs reform, and
- relevant "pricing principles" must be developed and published for guidance of Councils and information for residents.

If any clarification and/or further information is required please contact NF5 Secretary David Winterbottom: [REDACTED]; or NF5 Co-convenor John Riggall:
[REDACTED]