

28 April 2022

Sheridan Rapmund
IPART
PO Box K35
Haymarket Post Shop
NSW 1240

Dear Sheridan,

RE: RAMJO Feedback on the IPART Draft Report – Review of Domestic Waste Management Charges

RAMJO would like to provide the following feedback on the IPART Draft Report on the Review of Domestic Waste Management (DWM) charges.

RAMJO do not support a benchmark waste peg. Please find below our responses to the draft decisions as requested and further information in support of our position.

Response to draft decisions

1. Do you think our proposed annual “benchmark” waste peg will assist Councils in setting their DWM charges?

No, RAMJO does not believe that the proposed benchmark waste peg will assist remote, rural and regional councils. This is due to the differing size and location of councils influencing the cost of services. The NSW Government has mandated new kerbside services such as Food Organics Garden Organics (FOGO) by 2030 and a range of key reforms that may significantly impact the service charges and are out of councils’ control. Inevitably, there will be increases above the proposed rate (1.1%) to reach NSW diversion targets that are highlighted in the NSW Waste and Sustainable Materials Strategy 2041. A waste peg will not support the identified reforms outlined within this strategy. The benchmark proposed is unreasonable for 2022/23, and is not reflective of the true cost for councils. This rate will not cover increases in CPI and contractor charges.

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

RAMJO would welcome guiding principles for our member councils. Clear guidance on what is and isn’t included within the charge would be beneficial, however RAMJO does not support that only incremental costs can be attributed to the DWM charge.

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?

Yes, RAMJO and our member councils would welcome examples, developed in consultation with the sector, to support the interpretation of the guiding principles.

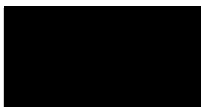
Additional feedback:

- Changes to the RAMJO member councils' DWM charges are undertaken in consultation with their community.
- The current service and charges reflect the respective member councils' own community's waste minimisation aspirations.
- A DWM peg could potentially restrict innovation and could be contrary to current waste minimisation legislation – the focus becomes motivated by financial factors and not resource recovery outcomes.
- For many councils, any variance between the revenue raised and the expenditure incurred is restricted for the purposes of domestic waste management services only.
- Benchmarking DWM charges across the state is inappropriate as variations in services, environment and delivery costs are significant. Under proposed pricing principles remote and rural RAMJO member councils in particular will be disadvantaged due to reduced economies of scale and tyranny of distance.
- 1.1% peg will not cover increases in CPI and contractor charges, this is unreasonable as it does not reflect the true costs for RAMJO member councils.
- A peg may result in reduced resource recovery services and undesirable environmental outcomes.
- A large number of NSW councils are yet to introduce a FOGO and/or recycling services, this cannot be achieved without a justified rise in DWM charges. Councils will not be able to cover these costs particularly as this is now to be made mandatory, which applies specifically to remote and rural RAMJO member councils.
- There are concerns that a benchmark waste peg will progress to a mandatory requirement in the future which is not preferred.
- Being named in an annual report will be misleading to the communities of the RAMJO region, and there may be reputational damage, implying councils are overcharging and/or inefficient.
- Councils must maintain a positive Domestic Waste Fund and not cross subsidise with other funds. Pegging will restrict good governance of this fund.
- Our view is that ratepayer concerns can be raised directly with each council as part of the annual budget development/submission process. There is also the opportunity for ratepayers to raise their concerns with the regulator if they are dissatisfied with a council's response.
- Additional guidance developed with the sector could improve consistency with respect to the process and principles applied, however it should be noted that the challenges faced when delivering waste management services and the level of service offered can vary from council to council.
- There is an opportunity for RAMJO member councils, the OLG and IPART to work collaboratively on strengthening the guidance available to our member councils and the community regarding the development of domestic waste charges and associated costs.

- RAMJO does not support DWM charges being regulated by IPART as the environment and market is regularly changing and the charge should be adjusted to reflect this active industry.
- It is not a concern that DWM charges are increasing faster than rate peg. This is a reflection of the industry and the increased expectations of communities with regard to innovative waste services.
- Within the RAMJO region, waste services should always be customised and relevant for their respective communities. For example, metro and regional centres have economy of scale advantages which present waste management opportunities at an affordable price, as well as end use opportunities and related industry support.
- Our experience indicates that there is effective competition within the market and DWM services can be outsourced. The decision to outsource or provide the service in-house should remain solely with the local council.
- Allocation of overheads should remain the responsibility of the respective RAMJO member councils, which should be an auditable, transparent transaction and only levied against DWM charges where applicable.
- Further regulation on this imposes a further overhead administrative burden on already short staffed member councils.
- RAMJO supports greater clarity and guidance on what services can be levied against DWM charges which may provide greater consistency across all RAMJO member councils.

RAMJO acknowledges that there is a wide variation in the number and type of DWM charges and services provided across councils, and that further guidance into how DWM charges are set would be beneficial. RAMJO believes that our member councils deliver good value for their ratepayers, and there is the opportunity for their communities to submit any concerns they may have in regard to fees and charges. RAMJO and our member councils, do not support regulation applied to DWM charges but welcome guidance on this issue.

Regards



Nicola Gleeson

Executive Officer

Riverina & Murray Joint Organisation (RAMJO)