

**Summary of submission**

**Review of Domestic Waste Management (DWM) Charges Draft Report**

**Waste Contractors & Recyclers Association of NSW (WCRA)**

WCRA is the peak industry body for waste & recycling contractors in NSW. Our members account for an estimated 95% of the equipment used in the ACT/NSW waste industry and collect over one (1) million domestic waste bins every weekday on behalf of local government.

WCRA is opposed to the setting of a benchmark waste peg for DWM charges.

The annual benchmark waste peg is not sufficiently flexible to respond to the rapidly changing waste management industry along with the new resource recovery mandates and targets set in state government policy. We believe there is potential for a significant shortfall in required funds, which could disincentivise expanded and improved waste and resource recovery services.

Councils should be able to tender for the services they require based on a combination of their individual circumstances and state government mandates and targets, and the actual and expected costs of providing these services. Councils should not be constrained in funding these services long-term. WCRA members, who provide collection and recycling services to local government, are then incentivised to respond to long-term tenders for councils at competitive rates, without risk of insufficient council funding to deliver these essential services and the innovations and changes required to achieve state government resource recovery targets.

The definitions in the Local Government Act of 'domestic waste' and 'domestic waste management services' should be modified to include all the services and functions required to minimise landfill and maximise resource recovery from household waste but are not necessarily directly linked to kerbside bin collection at individual properties. These include Community Recycling Centres, drop-off events for e-waste and hazardous wastes, services to collect and recover textiles and soft plastics, re-use and repair initiatives, and associated education campaigns.



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Review of Domestic Waste Management Charges  
Independent Pricing and Regulatory Tribunal (IPART)  
PO Box K35  
Haymarket Post Shop, Sydney NSW 1240  
Submitted via e mail as a PDF file to [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au)

**Submission: Review of Domestic Waste Management (DWM) Charges Draft Report**

Dear Sir/Madam,

WCRA is the peak industry body for waste contractors and recyclers in NSW. Our members account for an estimated 95% of the equipment used in the ACT/NSW waste industry and collect over 1 million domestic waste bins every weekday on behalf of councils.

In response to significant increases in average DWM charges across NSW, coupled with wide variations in DWM charges among similar councils, IPART proposes to implement the following:

- Publish a 'benchmark' waste peg that reflects the change in the costs of providing DWM services, starting at 1.1% for 2022/23;
- Publish an annual report on the extent to which council's DWM charges increase more than the benchmark waste peg; and
- Recommend that the Office of Local Government (OLG) publish pricing principles to guide councils on how they should recover the costs of providing DWM services.

IPART is seeking feedback from stakeholders on the following issues:

1. Do you think our proposed annual 'benchmark' waste peg will assist councils in setting their DWM charges?
2. Do you think the pricing principles will assist councils to set DWM charges to achieve best value for ratepayers?
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?

**WCRA is opposed to the setting of a benchmark waste peg for DWM charges.** Our responses to the three feedback questions are detailed below.

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

The annual benchmark waste peg is not sufficiently flexible to respond to the rapidly changing waste management industry and the new resource recovery mandates and targets set in state government policy. We believe there is potential for a significant shortfall in required funds which could disincentivise expanded and improved waste and resource recovery services.

Councils should be able to tender for the services they require based on a combination of their individual circumstances and state government mandates and targets, based on the actual and expected costs of providing these services. Councils should not be constrained in funding these services long-term. WCRA members, who provide collection and recycling services local government, are then incentivised to respond to long-term tenders for councils at competitive rates, without risk of insufficient council funding to deliver these essential services and the innovations and changes required to achieve state government resource recovery targets.

More detail is provided below.

Rapidly changing and variable costs incurred in managing waste

The factors influencing the cost to WCRA members of providing waste and resource recovery services have undergone significant change in recent years and are subject to many factors outside the control of service providers. These include:

- Significant increases in insurance costs for waste facilities after several fire events
- Waste Management Award increases, including superannuation
- Fuel costs
- Section 88 waste levy
- Increased environmental compliance requirements
- COVID-19 leading to higher domestic volumes and higher levels of contamination in recycling bins
- Nationwide bans on the export of recycled commodities
- Increased regulatory controls
- Increased costs associated with improved source separation to improve resource recovery rates
- Risk profile of contracts
- Volatility of markets for recycled commodities
- The mandating by government of low emission trucks (Euro 5 + 6)
- Increased frequency of natural disasters and the required response from waste facilities (e.g., receiving bushfire or flood waste at short notice)

State government mandates and targets for resource recovery

In 2021, NSW Department of Planning, Industry and Environment released the *NSW Waste and Sustainable Materials Strategy 2041 (WaSM)*. This is supported by the associated *Guide to future infrastructure needs* and NSW EPA's *Energy from Waste Infrastructure Plan*. The WaSM Strategy sets ambitious targets for waste recycling and recovery, towards which local government is expected to be a major contributor. Of relevance to future DWM charges are the following aspects of the WaSM Strategy:

- Local governments have been mandated by the NSW Government to introduce a food and garden organics (FOGO) and/or food organics (FO) service with the aim of halving organics to landfill by 2030.
- Based on dwindling landfill capacity in Greater Sydney and a desire to avoid landfilling waste, waste-to-energy facilities are now viewed by NSW state government as a credible alternative to landfill in NSW, with four priority locations for energy-from-waste facilities identified in the *Energy from Waste Infrastructure Plan*. This represents a significant milestone in policy certainty for these facilities.
- Meeting the target of 80% landfill diversion will require innovation and investment in solutions for ‘hard to recycle’ materials that have been historically landfilled, such as textiles, soft plastics and kerbside bulky waste items.

The above changes and improvements to waste management that councils will be required to implement means that a benchmark peg based on ‘a business-as-usual approach’ is unlikely to meet community and government expectations for waste management and resource recovery in NSW.

Although the option previously considered by IPART of allowing councils to re-balance DWM with general rates is no longer proposed in this Report, WCRA considers the re-balancing to be more effective than a waste peg.

However, for industry to invest, there needs to be less risk, more certainty and an acceptable rate of return. The very high costs associated with obtaining regulatory approvals and the payback required to achieve a return on investment should not be restricted by a poorly thought-out cap on DWM charges.

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

WCRA supports clear, efficient and transparent DWM pricing principles. However, we believe that:

- The definitions in the Local Government Act of ‘domestic waste’ and ‘domestic waste management services’ should be modified to include all the services and functions required to minimise landfill and maximise resource recovery from household waste. Some of these are not necessarily directly linked to kerbside bin collection at individual properties. These include Community Recycling Centres, drop-off events for e-waste and hazardous wastes, services to collect and recover textiles and soft plastics, re-use and repair initiatives, and associated education campaigns. Councils should be able to offer these services to all residents even if not all residents will utilise them.
- Multi-unit dwellings need to be able to be provided with bespoke bin collection services based on factors such as location of bin bays, accessibility, turning circles or height restrictions, without necessarily charging a different rate. Multi-unit dwellings also usually require additional labour resources, a more intensive education focus and the associated resources from councils.
- Councils should be able to recover reasonable capital costs for the future services or facility assets included in their long-term financial plan, without the proposed constraint on the timeframe over which these costs can be recovered.

- 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, subject to our responses to the previous questions. Detailed working examples would be useful to illustrate how specific costs and overheads should be allocated and reported.