

Domestic waste management charges - Discussion Paper

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Question	Response
Feedback and Submission Form	
Industry	Local Government
Review	Review of domestic waste management service charges
Document Reference	c1e253a1-4210-41d3-97de-3be8f315fce7
1. Are there concerns with the prices councils charge for domestic waste management services? Why/why not?	Council is not concerned with other council waste management charges across NSW as it is known these are highly variable. DWM charges will always fluctuate due to external factors such as EPA requirements and charges, market demands and pricing, waste generation rates, type and frequency of services, fuel prices and population density. The 18-19 waste charge average for NSW of \$405 is quite reasonable, with Council sitting below this average despite operating a weekly FOGO service and providing a tip voucher system.
2. If there are concerns, how should IPART respond? For example, if IPART was to regulate or provide greater oversight of these charges, what approach would be the most appropriate? Why?	If IPART were to provide greater oversight an update of the "NSW Office of Local Government's Council Rating and Revenue Raising Manual" to mandate what items are to be set within DWM charges and the enforcing of such would be appropriate.
3. Would an online centralised database of all NSW councils' domestic waste charges allowing councils and ratepayers to compare charges across comparable councils for equivalent services (eg, kerbside collection), and/or a set of principles to guide councils in pricing domestic waste charges, be helpful? Why/why not?	The data outlined within this question is currently available to public through EPA reporting portals. This data is currently publicly available at the following URL https://www.epa.nsw.gov.au/your-environment/waste/local-council-operations/local-council-waste-and-resource-recovery . It is noted that this data is not currently presented in an easy to follow or interpret way and EPA could produce a more user/ratepayer friendly digital report template.

4. Do you have any other comments on councils' domestic waste management charges?	No
5. Which Council do your comments relate to?	Bathurst Regional Council
Your submission for this review:	<p>Local Council: Domestic Waste Management (DWM) Charges: Discussion Paper</p> <p>Bathurst Regional Council welcomes the opportunity to provide feedback on the IPART Discussion paper on Local Council: Domestic Waste Management Charges and would like to make the following comments with regards to the discussion paper and address the questions posed by IPART. Council has come to this view from the content of the discussion paper as well as information provided to councils in the Webinar hosted by IPART on Wednesday the 6th of September.</p> <p>Please see attached Submission for Review. Thank you</p>
If you have attachments you would like to include with your submission, please attach them below.	BRC Submission for Review Response to IPART-final.docx BRC Response to IPART-Final Q 1 to 13.docx
Your Details	
Are you an individual or organisation?	Organisation
If you would like your submission or your name to remain confidential please indicate below.	Publish - my submission and name can be published (not contact details or email address) on the IPART website
First Name	Russell
Last Name	Deans
Organisation Name	Bathurst Regional Council
Position	Manager Water and Waste
Email	
IPART's Submission Policy	I have read & accept IPART's Submission Policy

BRC Response to IPART- Local Council: Domestic Waste Management Charges

Local Council: Domestic Waste Management (DWM) Charges: Discussion Paper

Bathurst Regional Council welcomes the opportunity to provide feedback on the IPART Discussion paper on Local Council: Domestic Waste Management Charges and would like to make the following comments with regards to the discussion paper and address the questions posed by IPART. Council has come to this view from the content of the discussion paper as well as information provided to councils in the Webinar hosted by IPART on Wednesday the 6th of September.

Council believes that the proposal of imposing a maximum percentage variance for Domestic Waste Management charges will leave all councils at risk of inability to provide these essential services to residents due to the highly variable nature of waste and recycling management costs. For example, it is noted that between 2016 and 2020 costs for processing of recyclable material more than doubled. Given the recent COAG agreed export bans on plastic, paper, glass, and tyres by 2025 it is highly unlikely that recycling costs will not continue to fluctuate dramatically over this period while new domestic markets are established. This has been further mandated with the introduction of the Recycling and Waste Reduction Bill 2020.

Furthermore, many regional inland NSW LGAs are currently non-levied, if levies were to be introduced to these regions this would increase landfill costs by \$84.10-\$146.00 per tonne of landfilled material. This is of particular concern given the COAG agreement on May 26th 2020 where it was agreed that that one of the shared state and federal objectives would be to “Consider waste levy setting” in regards to driving landfill diversion and waste reduction. If Council were to be levied it would raise operational cost by nearly \$1,000,000 subsequently increasing charges by \$65/ household raising the DWM charges by ~7% with one minor legislation change alone. These larger potential changes go without delving deeper into potential budget impacts of changes to costs associated with fuel, wages, EPA compliance, associated plant items and increased public expectations.

Additionally, limiting flexibility in changes of councils DWM charge stifles council’s ability to progress towards both national and state waste targets such as Targets 2, 3 and 6 of the National Waste Policy Action Plan 2019. To progress towards these targets councils must fund waste and sustainability education projects, new service models and waste compliance enforcement. These necessary actions are often associated with costs which must be recovered through the DWM charge.

The proposed enhanced transparency on pricing may incorrectly lead residents to believe they can choose only to have part of the waste and resource recovery service provided by council. This has high potential of raising conflict between residents who “Don’t want to pay” for a recycling or organics service and council who must provide these programs. The mandating of these services is crucial in councils progressing towards both national and state recycling and landfill diversion rates.

Council believes that the proposal of comparing “equivalent services” between councils would be incredibly difficult particularly difficult due to the following.

- Different levy areas
- Varying topographies
- Different collection density
- Waste collection frequency
- Residential waste behaviour
- Waste and recycling Composition
- Contamination
- Varying housing types
- Different collection types
- Recycling and Organics frequency of service
- Distance to processing sites
- Proximity to major distributors for products and parts

All these factors and more will impact the DWM charge issued by councils, as such Council believes it would be near impossible to provide an adequate comparison of “equivalent services” particularly for regional councils.

Council supports the right of councils to hold waste reserves which is essential for end of life planning for operational landfills and to cover costs of implementation of future service improvements. Landfill closure has significant and very long-lived associated CAPEX and OPEX costs which must be considered in calculation of DWM charges. The proposal of using reserves to minimise fluctuations in costs holds great risk as these reserves are highly necessary for end of life management for landfills particularly in regional areas. Spending of these funds to manage current fluctuations unfairly places the financial burden of the large and lingering costs of landfill closure and monitoring on future generations, by not having the true value of landfilling reflected in the DWM charge.

Council looks forward to receiving further advice regarding the outcome of the review. Responses to questions raised within the discussion paper are shown listed at the end of this document. Should you wish to discuss the matter further please contact Dr Raymond Trevorah, Coordinator Waste Management, Bathurst Regional Council via council@bathurst.nsw.gov.au

Response to Questions raised within Discussion paper.

1. Is it a concern that DWM charges appear to be raising faster than the rate peg? Are there particular cost drivers that may be contributing to this?

No, as it is widely known the recycling sector is under significant strain following the introduction of the China Sword initiative in 2018. This has been acknowledged by both State governments and Federal government following the recent COAG agreement on May 26th and the introduction of the Recycling and Waste Reduction bill 2020.

The main drivers in addition to standard inflating costs that have led to greater increasing cost for LGAs in providing waste services over the past years are as follows:

- Rising recycling processing costs
- Rising landfill costs
- Rising Landfill levies
- Increasing reporting requirements
- Greater requirements imposed by EPA
- Rising resident expectations

It is also worth noting that NSW levy rates raise annually by ~2% per annum further limiting Councils ability to remain in line with NSW rate peg.

2. To what extent does the variation in services and charges reflect differing service levels, and community expectations and preferences across different councils?

Waste cost vary significantly across NSW due to different levels of service and different council needs. E.g. hard waste service in council areas where residents cannot access a transfer station, operation of landfills and or needs for rural transfer stations for regional areas.

3. Is there effective competition in the market for outsourced DWM services? Are there barriers to effective procurement?

Partially, collection and haulage of materials has sufficient competition in the market. But there are insufficient options for sorting and processing of recycling particularly for regional areas with few businesses tendering for regional recycling.

4. Are overhead expenses for DWM services appropriately ring-fenced from general residential rates overhead expenses?

Yes.

5. If IPART was to regulate or provide greater oversight of DWM charges, what approach is the most appropriate? Why?

If IPART were to provide greater oversight an appropriate change would be providing improved guidance to councils in regards to DWM charges and promoting an update of the "NSW Office of Local Government's Council Rating and Revenue Raising Manual" to mandate what items are to be set within DWM charges while allowing councils to effectively meet the State and Federal waste reduction and resource recovery targets. Facilitating in development of a better data presenting platform utilising data reported to EPA by LGAs

could better inform residents, but this should not be done by increasing reporting requirements of councils.

6. Are there any other approaches that IPART should consider?

IPART could consider greater education to residents enquiring on the ever-changing costs of DWC. This could include providing education of the real costs associated with responsible management of waste is crucial particularly as the nation transitions towards a domestic circular economy. Residents are largely unaware of the full environmental, economic, and social costs of landfilling, recycling, and resource recovery.

7. If a reporting and benchmarking approach was adopted, how could differences in services and service levels, as well as drivers of different levels of efficient cost, be accounted for?

Consideration of landfill diversion rates should be highly valued even if it occurs at some inflated costs to councils as these councils are actively investing in the local circular economies in line with both state and federal goals. Consideration into size of collection area and collection density is necessary with less focus placed into frequency of services as reduction in frequency of general waste services is a known key driver in improving residential waste habits. E.g. it is known that providing a fortnightly general waste service and weekly FOGO service will result in higher landfill diversion despite resident perception of a reduction in services.

8. Is there merit in IPART's proposed approach to developing a reporting, monitoring and benchmarking approach and pricing principles for setting DWM charges? Is it likely to be an effective approach? Why/why not?

Only minimal benefit would be gained for what would require significant additional staff or consultant time, potentially inadvertently increasing DWM charges.

9. Would IPART's proposed approach be preferable to audits of local councils' DWM charges by OLG?

No, a proposed limited period response time of 2 years to rectify differences in charges would be very difficult to achieve as most LGAs are bound to long term contracts of up to 10 years and would likely come at a significant cost to council to leave these contracts.

10. Are there any issues that should be considered with regards to developing an online centralised database for all NSW councils' DWM charges to allow councils and ratepayers to benchmark council performance against their peers?

Most collection, haulage and processing costs are subject to commercial confidentiality under contracts and cannot be published. These costs make up a large fraction of DWM charges.

11. Do you agree with IPART's proposed pricing principles? Why/why not?

Council disagrees with several of the IPARTs proposed pricing principles.

1a. Council agrees in principle that DWM charges should only be used to recover costs of waste services, including transfer stations, public place bins, education, and litter collection etc.

1b. Council agrees in principle with the allocation of only incremental charges.

1c. Council disagrees and believes that social programs that drive waste reduction and better resource recovery behaviour are crucial and must remain linked to waste management charges. These greatly help reduce contamination which in turn helps maintain lower processing costs while assist in state and federal resource recovery targets.

2. Council agrees with this principle which reflects section 504 (3) of the Act. Greater clarification on costs that should be allocated under the DWM charge should be provided to all councils through an updated rates and revenue guide.

3. Council agrees that further state government support should be provided to help minimise market domination and drive competition, assistance in contract generation and reduction in contract length could aid this.

4. Transparency of DWM charges may have negative impacts on progress towards diversion rates. This has high potential of raising conflict between residents who “Don’t want to pay” for a recycling or organics service and council who must provide these programs. The mandating of these services is crucial in councils progressing towards both national and state recycling and landfill diversion targets.

5. It is unlikely that prices can be stabilised in the immediate term as the current market fluctuations have significant impact on DWM charges and are outside of council’s control. Furthermore use of reserves to limit fluctuations is only going to prevent passing on actual costs of services to residents while passing the financial burden of waste management onto future generations.

12. Are there any other pricing principles or issues that should be considered?

Council believes that several principles based on the state and national waste and resource recovery targets should be included in any pricing principles including.

- Landfill diversion rates
- Contamination rates
- Waste per household generation

Triple bottom line assessments are needed, and Financial costs should not be the only factor considered in assessment of options.

13. Could a centralised database and display of key elements of all successful DWM service contracts (eg, name of tenderer, service provided and contract amount) assist councils in procuring efficient services? If not, why not?

Council does not believe that listing contract tendered pricing would help drive more efficient services. The only costs that do not significantly fluctuate during most of these contracts are lift associated charges which only increase based on service users. A large bulk of these contracts will fluctuate based on market prices and location of processing.

Additionally, many councils have had contract variations since their contract inception and as such originally tendered prices often do not reflect current costs to councils. If IPART were to provide a service that aided in improving councils procuring efficient services, they could look at mandating that MRFs, landfills and organic processing facilities have their per tonne charges listed publicly or in a secure database rather than subject to commercial confidentiality.