

# 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?	Addressed in attached submission.
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?	Addressed in attached submission.
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?	Addressed in attached submission.
4. Do you have any other comments on councils' domestic waste management charges?	Addressed in attached submission.
5. Which Council do your comments relate to?	Bayside Council
Your submission for this review:	Addressed in attached submission.
If you have attachments you would like to include with your submission, please attach them below.	<a href="#">IPART Domestic Waste Charges Review - Bayside Council Submission 19.10.2020.pdf</a>
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	Joe

Last Name	Logiacco
Organisation Name	Bayside Council
Position	Manager Waste & Cleansing Services
Email	[REDACTED]
IPART's Submission Policy	I have read & accept IPART's Submission Policy



**Bayside Council**

Serving Our Community

# **IPART Domestic Waste Charges Review – Bayside Council Submission**

**October 2020**



## IPART Domestic Waste Charges Review – Bayside Council

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## INTRODUCTION

This is Bayside Council's submission on IPART'S Local Council Domestic Waste Management (DWM) Charges Discussion Paper and the questions included as part of that Discussion Paper.

Bayside covers an area of approximately 55 square kilometres.

The city includes 29 suburbs and an estimated population of over 175,000 people.

The cultural diversity of the City continues to grow with an increase in the proportion of people who speak a language other than English at home.

Council is committed to providing a waste service that is both effective and innovative to adapt to opportunities and environmental changes. The collection and processing of waste material generated in the local government area is managed in accordance with relevant legislation, and Council values and strategies.

Council is committed to working with all levels of government and the Bayside community to provide an affordable solution to avoiding waste and maximising recycling and recovery of resources.

## RESPONSES TO QUESTIONS IN THE DISCUSSION PAPER

### Affordability

**Question 1: Is it a concern that domestic waste management (DWM) charges appear to be rising faster than the rate peg? Are there particular cost-drivers that may be contributing to this?**

### Summary

The percentage increase in Council's Domestic Waste Charge (DWC) and the Rate Peg are compared below for the period 2016/17 to 2020/21.

This comparison shows that the DWC for Bayside was only marginally higher than the rate peg between 2016/17 and 2020/21. This is in contrast to the 123% average rise reported by IPART for periods 2014/15 to 2017/18.

Seven cost drivers are also discussed, which account for the increase in councils' DWCs. These are:

1. Increases in the NSW Metropolitan Waste Levy
2. Misallocation of NSW waste levies
3. Reduction in NSW EPA Better Waste Recycling Funds (BWRF)
4. Increased cost of recycling processing
5. Increased cost for higher resource recovery solutions
6. Increased contamination and resource cost due to high density growth
7. Lack of waste infrastructure within the Sydney Metropolitan area

Based on the cost drivers discussed below, it is not a surprise that the rate of DWC growth has exceeded the LG NSW rate peg and CPI.

NSW State Government levies can substantially offset this affordability concern by hypothecating these funds back to local government and to the industry to address the need for current and future infrastructure, to be located in close proximity to where the waste is

generated. This will stimulate needed competition, decrease the cost of processing and transport, and increase productivity.

### Domestic Waste Charge and Rate Peg comparison

Table 1 compares the percentage increase in Council's Domestic Waste Charge (DWC) and the Rate Peg for the period 2016/17 to 2020/21.

This comparison shows that the DWC for Bayside Council was only marginally higher than the rate peg between 2016/17 and 2020/21. This is in contrast to the 123% average rise reported by IPART for periods 2014/15 to 2017/18.

**Table 1: Percentage increase in Council's Domestic Waste Charge (DWC) and the Rate Peg for the period 2016/17 to 2020/21.**

Year	Bayside Council Total Annual Domestic Waste Fees	Bayside Council Annual Domestic Waste Fees Growth	Local Government NSW Rate Peg Growth
2016/17	\$462.00		
2017/18	\$469.00	1.52%	1.50%
2018/19	\$487.50	3.94%	2.30%
2019/20	\$503.05	3.19%	2.70%
2020/21	\$517.08	2.79%	2.60%
<b>Annual Rate of Change (4 Years)</b>		<b>2.86%</b>	<b>2.27%</b>

### Cost Drivers of Domestic Waste Charges

Seven cost drivers that explain the historical and likely future increases in DWCs are discussed below.

#### Driver 1: NSW Metropolitan Waste Levy

As shown in Table 2, there has been an increase of 144.2% in the last decade in the NSW Metropolitan Waste Levy, increasing by an average rate of 9.34% per annum. This is well and truly above CPI and NSW LG rate peg of 2.89% per annum.

**Table 2: Increase in NSW Metropolitan Waste Levy.**

Period	Metro NSW Waste Levy (MWL)	Rural NSW Waste Levy (RWL)	Metro NSW Waste Levy Change (%)	Rural NSW Waste Levy Change (%)	Annual National CPI (%)	Annual LG NSW Rate Peg (%)
2009/10	\$58.80	\$10.00			2.33%	3.50%
2010/11	\$70.30	\$20.40	19.56%	104.00%	3.13%	2.60%
2011/12	\$82.20	\$31.10	16.93%	52.45%	2.30%	2.80%
2012/13	\$95.20	\$42.40	15.82%	36.33%	2.28%	3.60%
2013/14	\$107.80	\$53.70	13.24%	26.65%	2.70%	3.40%
2014/15	\$120.90	\$65.40	12.15%	21.79%	1.70%	2.30%
2015/16	\$133.10	\$76.70	10.09%	17.28%	1.38%	2.40%
2016/17	\$135.70	\$78.20	1.95%	1.96%	1.70%	1.80%
2017/18	\$138.20	\$79.60	1.84%	1.79%	1.93%	1.50%
2018/19	\$141.20	\$81.30	2.17%	2.14%	1.65%	2.30%
2019/20	\$143.60	\$82.70	1.70%	1.72%	1.35%	2.70%

**Source:** Annual CPI is the average of the reported quarterly percentage changes provided by RBA @ <https://www.rba.gov.au/inflation/measures-cpi.html>

### **Driver 2: NSW Waste Levies flowing out of waste industry**

NSW municipal solid waste (MSW) that was disposed or landfilled in 2017/18 generated over \$250M in revenue for NSW Treasury via a NSW Waste Levy, of which a small percentage was provided to local government and the industry to design, plan and implement affordable, reliable, and sustainable waste management solutions (refer Table 3).

This data excludes an additional \$541 million generated in NSW waste levies in 2017/18, associated with construction & demolition (C&D) waste and commercial & industrial (C&I) waste.

**Table 3: NSW waste levy revenue for 2017/18.**

NSW Levy Area	Disposal Tonnage	Levy Fee 2017/18 (per tonne)	NSW Levies Raised
NSW Metropolitan Levy Area	1,741,000	\$138.20	\$240,606,200
NSW Rural Levy Area	200,000	\$79.60	\$15,920,000
NSW Non Levy Area	505,000	NIL	NIL
<b>NSW Total for 2017/18</b>	<b>2,446,000</b>	<b>Av.: \$104.876</b>	<b>\$256,526,200</b>

**Source:** Provided in Draft SSROC Waste Infrastructure Options Analysis Briefing Paper.

### **Driver 3: Reduction in NSW EPA Better Waste Recycling Funds (BWRF)**

Councils received 43.3% fewer uncontested funds from NSW waste levies in the 2017-21 funding cycle than in 2013-17 funding cycle (refer to Table 4). This was despite increased contributions made by councils due to population growth, increased waste generation and levy increases.

Bayside Council only received approximately 3% or \$180,000 from the NSW EPA from the waste levies that Council contributed (>\$6M) to NSW Treasury in 2020/21 in the form of BWRF to spend on a plethora of waste related issues, such as increased cost of recycling, illegal dumping, littering, education, regulation, achieving higher recycling & resource recovery, and so on.

**Table 4: NSW EPA Better Waste Recycling Fund and waste levy returns.**

NSW EPA BWRF Cycle	Levy returned to Councils
2013-17	\$68.8 M over 4 years
2017-21	\$39.0 M over 4 years

**Source of 2013-2017 funding:** <https://www.epa.nsw.gov.au/working-together/grants/councils/better-waste-and-recycling-fund>

**Source of 2017-2021 funding:** <https://www.epa.nsw.gov.au/-/media/epa/corporate-site/resources/wastegrants/19p2055-better-waste-and-recycling-fund-2017-2021.pdf?la=en&hash=4EA91157B313D717950E3940694F71DE5CF1DFA2>



#### Driver 4: Increased Cost of Recycling Processing

Historical and current costs of recycling are shown in Table 5.

International and national waste bans and the lack of local recycling infrastructure related to the lack of recycling end markets in Australia have contributed to an increase in recycling costs.

With the closure of the Polytrade Material Recovery Facility (MRF), the recycling industry in the Sydney metropolitan area has become monopolistic (Visy), or a duopoly if you include SUEZ utilising a transfer station at Rockdale to transport material to their Spring Farm MRF. This has contributed to a rise in gate fees and little leverage in negotiating Container Deposit Scheme (CDS) Refund Share Agreements (RSA).

**Table 5: Historical and current costs of recycling.**

Cost of Recycling Processing	Market Cost (\$/Tonne)
Prior to 2018	\$35 rebate to NIL cost
2018 - 20	\$60 - \$120
2020 - 21	\$90 - \$140

**Source:** Contractor prices charged by three suppliers (Contractor names withheld in relation to respective pricing).

#### Driver 5: Increased cost for higher resource recovery solutions

A major current and future driver of cost has and will be the pursuit for higher resource recovery in line with a Circular Economy model (refer Figure 1), which includes advanced processing infrastructure and increased source separation.

This has resulted in an increase and/or an improvement in solutions such as:

- Alternative Waste Treatment (AWT facilities),
- Food Organic Garden Organic (FOGO) facilities,
- Processed Engineered Fuels,
- Anaerobic digestion,
- Glass crushing and asphalt recycling,
- Material Recovery Facilities (MRF),
- Transfer Stations.

## Circular Economy Model



Figure 1: Circular Economy model (Bayside Council WARR Strategy 2030).

In future, this could include more advanced technologies that include energy recovery and changes to the chemical composition of recyclables, which routinely comes at a higher cost.

NSW Government (State) recovery or recycling targets are set for local governments to aspire to, without the appropriate distribution of waste levies that are charged to local communities and not returning to local communities, so local communities in effect are paying much more than they should for waste and higher resource recovery initiatives, firstly through state levies that are not returned to Council and then through potential increased domestic waste charges which need to be charged to make up for insufficient funds .

### Driver 6: Increased contamination and resource cost due to high density growth

A major challenge for local government has been the exponential growth of high density living which is typically associated with higher waste contamination rates.

These recyclables are no longer exported and the contamination rate that was once accepted in foreign negotiations has now created a local contamination concern and cost.

This requires an increase in resources for monitoring, education and enforcement and can lead to significant tiered contamination penalty charges. Common penalty charges are shown in Table 6.

Table 6: Common MRF contamination penalty charges.

Contamination (%)	Payable by Council
00.0 – 9.99	NIL
10.0 – 19.99	\$30 / Tonne
20.0 and above	Load rejected with associated transport and disposable to landfill charges (expected \$300).

Source: Provided by a MRF Supplier.

### **Driver 7: Lack of waste infrastructure within the Sydney Metropolitan area**

A lack of local infrastructure capacity and increases in proximity to facilities (distance travelled to facilities from local government area centroids) has placed additional pressure on operational costs.

Productivity losses, which result in additional costs, are incurred with additional travel time, including additional time lost due to increased traffic congestion.

A future scarcity of landfill infrastructure is also likely to increase the value of the remaining landfill space and increase disposal costs.

Refer to Figures 2 and 3 for examples of limited waste infrastructure currently available to councils within the Sydney Metropolitan area.



**Figure 2: Veolia MBT facility located at Woodlawn.**



**Figure 3: BINGO landfill located at Eastern Creek.**

### Conclusions: Cost Drivers v LG NSW Rate Peg

Based on the cost drivers discussed, it is not a surprise that the rate of DWC growth has exceeded the LG NSW rate peg and CPI.

NSW State Government levies can substantially offset this affordability concern by hypothecating these funds back to local government and to the industry to address the need for current and future infrastructure, to be located in close proximity to where the waste is generated. This will stimulate needed competition, decrease the cost of processing & transport, and increase productivity.

Figure 4 shows the NSW Metropolitan Waste Levy increase difference compared to LG NSW Rate Peg.

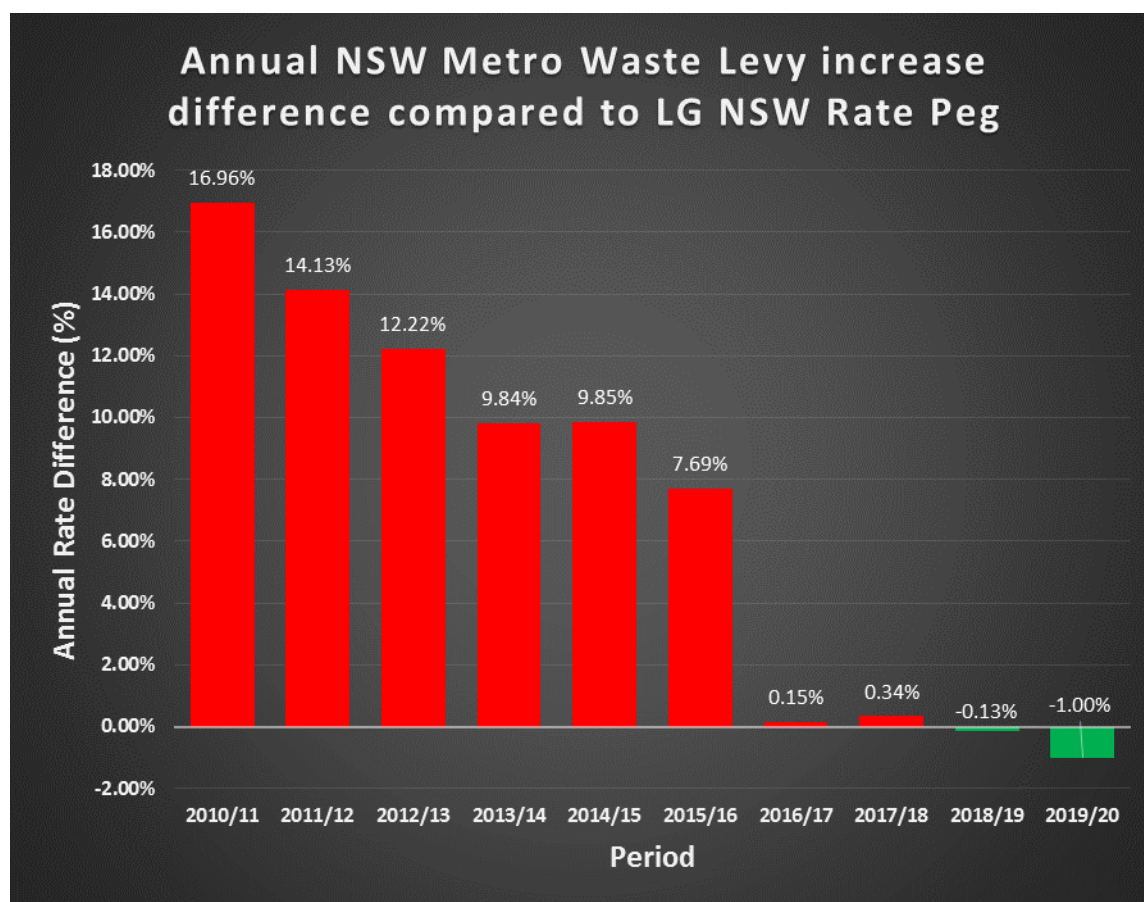


Figure 4: NSW Metropolitan Waste Levy's rate difference compared to LG NSW Rate Peg.

Graph: NSW Metropolitan Waste Levy's rate difference compared to LG NSW Rate Peg. The Waste Levy significantly outpaced the Rate Peg between periods 2010/11 to 2015/16.

## Service Variations

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

### Council services can vary significantly

Council services can vary significantly which makes it extremely difficult to compare or benchmark DWC between councils, without a detailed analysis of what services are provided in line with community expectations.

Examples of differences include:

- Bin systems (i.e. 2 bins v 3 bins v 4 bins),
- Processing and disposal systems (i.e. AWT, MBT, RDF, EfW, FOGO, FO, landfill, co-mingled recycling, separated recycling),
- Frequencies (i.e. 4 scheduled clean up vs 2 scheduled clean ups vs booked clean up services),
- Volumes (i.e. offer 360L of bin capacity per week across all waste streams v 480L weekly),
- Items accepted,
- Topography & vehicles or methods of collection required (i.e. heavy/medium or small rigid, compaction, flatbed, side arm, rear load, front load, hook lift),
- Bin presentation (i.e. self-presented in multi units or valet contractor wheel out/wheel in service),
- Overall landfill diversion rates (unverified self-reported rates vary significantly).

## Competition

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

### Lack of industry competition

Unfortunately, some processing solution environments may be considered monopolistic or duopolistic, such as Sydney Metropolitan recycling processing.

Combined with changes in national and international policies, this limited (anti-competitive) environment has led to sharp increases in recycling costs, with councils having no other solutions to turn to.

A greater hypothecation of the NSW Metropolitan Waste Levy for longer term regional infrastructure projects, such as Council owned MRF's or Joint Ventures (JV) between councils and third party operators could lead to a decrease in council costs or greater affordability to the community.

### NSW Government levy determination

The NSW State Government and Treasury each year determines the waste levy and it has risen significantly higher than the rate of CPI and the LG rate peg over the last decade, as

shown in Table 3. Councils have been playing catch up to keep up with the 9.34% annualised rise in the NSW metro waste levy.

The NSW State Government directs the NSW Environment Protection Authority (EPA) and the NSW Department Primary Industries & Environment (DPIE), whom collectively govern and regulate the waste industry. This includes determining:

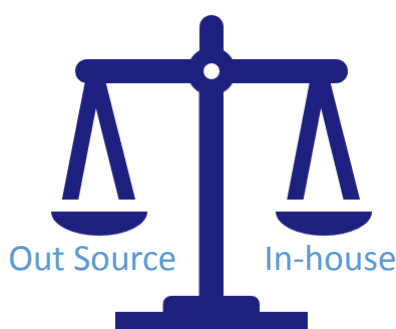
- Annual waste levy,
- How much of the waste levies are returned to local government and the waste industry,
- Which infrastructure, technologies, initiatives will be granted permits, licencing or funding approval,
- General or specific exemptions (such as Mixed Waste Organic Outputs (MWOO) exemption revocation),
- Strategy and policy direction.

It could be perceived to present difficulties when the same entity that determines the amount of the landfill levy, also determines how the levy revenue can be spent, and also governs and regulates what infrastructure, technologies or solutions will be approved to achieve higher resource recovery outcomes that reduce landfill levy revenue to that entity. Increased recovery outcomes may result in less waste levy revenue which may impact on the State's financial health and its ability to fund current and future waste & non-waste related initiatives.

### **Issues beyond comparing outsourced or 'in-house' service affordability**

It does not just come down to affordability when deciding to outsource DWC collection services or to provide Council 'in-house' resources.

As part of Council's Risk Management and Continuity Plan, Bayside Council provides a hybrid collections model so that in the event of a major disruption, such as a fire or pandemic, that may impact either service provider, Council can still provide the community an essential waste collection service. Hedging risk is a prudent waste management strategy (refer to Figure 5).



**Figure 5: Balancing outsourcing and in-house in Council's Risk Management and Continuity Plan**

Other risks include 'arm's length' contractor performance management and workforce-related issues.

## **Effective Procurement – Local Government Act, Section 55**

The Local Government Act provides a sound framework for procurement, including tendering and exemptions to tendering where barriers may exist. For this reason, we do not believe there are significant barriers to procurement.

### **Exemptions Permitted**

Section 55 (3) provides a number of exemptions from the need for councils to call for tenders for goods and services. It includes the following exclusion:

- i. a contract where, because of:
  1. extenuating circumstances,
  2. remoteness of locality, or the
  3. unavailability of competitive or reliable tenderers,a council decides by resolution (which states the reasons for the decision) that a satisfactory result would not be achieved by inviting tenders.
- k. a contract made in a case of emergency.

IPART and the NSW LG Act needs to provide a balance between providing Councils with:

- Powers to negotiate or procure outside of tender processes, with
- Transparent procurement, governance, probity, risk and corruption prevention.

## **Finance Governance**

### **Question 4: Are overhead expenses for DWM services appropriately ring-fenced from general residential rates overhead expenses?**

#### **Councils have a robust Finance and Governance Framework**

Councils clearly separate domestic waste services and charges from general residential services and rates.

Some overheads are proportionally accounted as they assist in providing domestic waste services, such as customer services, finance, and information technology.

**Example:** If 20% of all customer service requests are domestic waste related, a Council must be able to apportion 20% of those operational running costs to domestic waste. This meets the definition of 'reasonable costs' in the regulation.

#### **Restricted Domestic Waste Reserve**

An annual domestic waste budget surplus or deficit has a direct impact on the Council restricted Domestic Waste Reserve and does not have an impact on general residential services, rates or other reserves.

Hence, there is a clear delineation in relation to these two separate charges and any planned future expenditure. However, clearer guidance should be provided in relation to what can and cannot be expensed as domestic waste related.

## Regulation

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

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

### Establishing DWC Guidelines

An exhaustive and descriptive guideline should be developed to clarify what expenses can be included in the domestic waste charge, taking into account recent and future changes to waste management and government policies, which includes tendering process, procurement, waste levies, waste funding, environmental regulation and community expectations.

It is not advisable to set percentages or a limit in relation to what all councils can or should spend on specific expenditure categories or items without understanding and considering that resources and costs can vary significantly based on:

- Services provided & technologies utilised,
- Topography (may affect the manner in which those services need to be delivered),
- Housing density (such as proportion of single units to multi dwellings, available open space),
- Demographics and community expectations,
- Local planning and development controls (such as proportion of kerbside to onsite collections).

**Example:** The waste education and bin auditing required for providing landfill disposal solution would be significantly lower than the education and bin auditing required for providing a Food Organics and Garden Organics (FOGO) solution. As a guide, a Sydney Metropolitan council recently engaged up to seven officers to audit bins and educate residents when rolling out a new FOGO system. This amount of resources are not required for landfill disposal solution, hence there may be an additional cost to a particular expenditure category that another council will not require based on community expectation for alternative increased resource recovery methods.

### Guidance instead of Regulations

IPART should be providing guidance rather than regulation due to the great number of factors that can influence the domestic waste charge in different local government areas (LGA).

As discussed, LGA's have different demographics, community expectations, housing density, topography, local planning and development controls. Therefore services provided and the manner in which they are provided differ significantly.

As discussed in this submission, it is extremely difficult to regulate local government areas and communities that are significantly different.



**Example:** If IPART was to regulate a limit of what could be spent on a Collections Contract, it would be difficult to account and accommodate various different councils, such as:

- **Council A** that has long, wide roads, a high proportion of single unit dwellings with a greater separation or distance between properties that can utilise one manned side loading compaction vehicles, *as oppose to:*
- **Council B** that has smaller, tighter streets, high density living and requires a higher cost collections service such three manned rear loading compaction units.

## Reporting and Benchmarking

**Question 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?**

**Question 8: Is there merit in monitoring and benchmarking approach and pricing principles for setting DWM charges? Is it likely to be an effective approach? Why/why not?**

### Difficulties with benchmarking and reporting

Due to the vast differences in services and service levels required or provided, benchmarking and reporting would not provide an accurate or reliable measurement to different communities.

A low cost service does not necessarily equate to best value or the same level of service.

There are multiple factors that could influence value such as quality, volume, frequency, social and environmental outcome, location, and government policy.

Attempting to benchmark and report the findings to communities could lead to social, environmental and political dissatisfaction.

Some costs are difficult to address in a benchmarking exercise.

**Example:** Some councils are required to address legacy issues such as the remediation of contaminated land that were previously utilised as landfill sites for domestic waste disposal, whilst other councils may not have this issue or the associated costs.

### Other benchmarking challenges

The NSW EPA coordinates annual council surveys on the waste and recyclables collected from households, which is the major component of the municipal solid waste (MSW) stream.

The resulting reports that outline the domestic waste generation and recycling performance of local council kerbside, drop-off and clean-up services across NSW do not seem to be verified for accuracy.

The NSW EPA uses the data provided by councils to calculate overall waste generation and resource recovery rates for each local government area (LGA), and to prepare the yearly waste and resource recovery data reports.

The NSW EPA acknowledge that when comparing the figures for LGAs, it is important to consider regional variations in consumption patterns, available services, data availability, and the interpretation of survey questions.

### **NSW EPA potential public benchmarking data inconsistencies**

Councils self-report waste data including tonnages and recovery rates to the NSW EPA every year. It is possible that some questions in the data survey may be interpreted and therefore reported differently by different councils. Bayside Council and SSROC are currently working with the NSW Government to identify potential inconsistencies and harmonise data reporting across different councils to provide more robust benchmarking data.

### **Bayside conducts internal benchmarking**

Each year, Bayside conducts an internal exercise by comparing its DWC to neighbouring councils to gauge where it sits in relation to affordability and service composition.

Bayside does not use this comparison as a guide to measure success, but as a broad range of what different councils charge based on their respective services and community expectations.



















This range is affected by:

- Quality,
- Volume,
- Frequency,
- Social and environmental outcomes,
- Location, and
- Government policy.

Benchmarking is a valuable tool for internal stakeholders that have a far greater understanding than the general public and account for variations between councils and community expectations.












Internal benchmarking is provided in Tables 7 to 11.

**Table 7: Internal Benchmarking – comparison of council 360L weekly bin services, with the exception of one council that offers a standard 380L weekly bin service.**

Council	Weekly Red Bin Capacity	Weekly Yellow Bin Capacity (collected fortnightly)	Weekly Green Bin Capacity (collected fortnightly)	Weekly Bin Service Capacity (L)	Waste Processed or Landfilled	Scheduled Clean Up	Booked Clean Up	Community Recycling Centre or Drop Off Events	Domestic Waste Charge	Domestic Waste Admin Fee	Total Primary Domestic Waste Charge	Availability Fee or Admin Fee (no bin service)	Vacant Land Fee
	120L	120L	120L	360L		1 2		5 days/week	\$414.50		\$414.50		
	120L	120L	120L	360L	 MBT	1 2			\$419.50		\$419.50		
	120L	120L	120L	360L	 MBT	1	1	2 days/week	\$423.00		\$423.00	\$222.00	
	120L	120L	120L	360L			1 2		\$464.88		\$464.88	\$62.89	\$61.06
	120L	120L	120L	360L	 MBT	1 2			\$464.88		\$464.88	\$62.89	\$61.06
	120L	120L	120L	360L			CALL TO BOOK		\$491.00		\$491.00		
	240L	120L	N/A	360L	 MBT	1 2 3 4		 22 Events	\$365.15	\$130.30	\$495.45	\$130.30	
	120L	120L	120L	360L			1 2		\$530.00		\$530.00		
	120L	120L	120L	360L	 MBT	1 2 3			\$536.65		\$536.65		
	120L	120L	120L	360L	 MBT		CALL TO BOOK	2 days/week	\$544.00		\$544.00	\$222.00	
	120L	120L	120L	360L			1 2		\$565.00		\$565.00		
	120L	120L	120L	360L	 MBT	1	1 2		\$576.00		\$576.00		
	120L	120L	120L	360L			CALL TO BOOK	2 days/week	\$578.50		\$578.50	\$222.00	
	140L	120L	120L	<b>380L</b>	 FOGO Mar 21	1	1 2 3 4 5	6 days/week	\$604.75		\$604.75	\$303.00	
	120L	120L	120L	360L			1 2		\$456.30	\$200.20	\$656.50	\$200.20	
	120L	120L	120L	360L	 FOGO Oct 20		1 2	7 days/week	\$677.00		\$677.00		\$31.00
	120L	120L	120L	360L			1 2 3		\$740.00		\$740.00	\$175.00	

**Source:** Publicly available information provided by each council on their respective website and rates, fees and charges. All information should be verified for accuracy or errors.

**Table 8: Internal Benchmarking – comparison of council 480L weekly bin services.**

Council	Weekly Red Bin Capacity	Weekly Yellow Bin Capacity (collected fortnightly)	Weekly Green Bin Capacity (collected fortnightly)	Weekly Bin Service Capacity (L)	Waste Processed or Landfilled	Scheduled Clean Up	Booked Clean Up	Community Recycling Centre or Drop Off Events	Domestic Waste Charge	Domestic Waste Admin Fee	Total Primary Domestic Waste Charge	Availability Fee or Admin Fee (no bin service)	Vacant Land Fee
	240L	120L	120L	480L	 MBT			22 Events	\$408.40	\$130.30	\$538.70	\$130.30	
	240L	120L	120L	480L				5 days/week	\$680.00		\$680.00		
	240L	120L	120L	480L	 MBT				\$810.00		\$810.00		
	240L	120L	120L	480L			 CALL TO BOOK		\$987.00		\$987.00		

**Source:** Publicly available information provided by each council on their respective website and rates, fees and charges. All information should be verified for accuracy or errors.

**Table 9: Internal Benchmarking – Benchmarking additional waste charges – greenwaste bins**

<b>Council</b>	<b>Additional Green Bin</b>	<b>Annual Price</b>	<b>Comments</b>
	120L Green	\$0.00	
	120L Green	\$43.25	
	120L Green	\$47.60	
	120L Green	\$76.00	
	120L Green	\$80.00	
	120L Green	\$128.00	Application Fee \$47.00
	120L Green	\$141.93	
	120L Green	\$142.00	
	120L Green	\$357.70	

**Source:** Publicly available information provided by each council on their respective website and rates, fees and charges. All information should be verified for accuracy or errors.

**Table 10: Internal Benchmarking – Benchmarking additional waste charges – recycling bins**

<b>Council</b>	<b>Additional Yellow Bin</b>	<b>Annual Price</b>	<b>Comments</b>
	120L Yellow	\$0.00	
	120L Yellow	\$49.00	
	120L Yellow	\$69.55	
	120L Yellow	\$87.00	
	120L Yellow	\$107.12	
	120L Yellow	\$126.20	
	120L Yellow	\$149.00	Application Fee \$47.00

**Source:** Publicly available information provided by each council on their respective website and rates, fees and charges. All information should be verified for accuracy or errors.

**Table 11: Internal Benchmarking – Benchmarking additional waste charges – garbage bins**

<b>Council</b>	<b>Additional Red Bin</b>	<b>Annual Price</b>	<b>Comments</b>
	120L Red	\$275.00	
	120L Red	\$275.83	
	140L Red	\$291.00	
	240L Red	\$295.60	
	120L Red	\$310.00	
	120L Red	\$323.00	
	120L Red	\$328.50	
	120L Red	\$337.90	
	120L Red	\$394.50	Application Fee \$47.00
	240L Red	\$450.00	
	120L Red	\$636.30	
	120L Red	\$670.80	
	120L Red	\$740.00	

**Source:** Publicly available information provided by each council on their respective website and rates, fees and charges. All information should be verified for accuracy or errors.

## Audits

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

#### External Audits or Alternative Methods?

External audits can be time consuming, expensive and not necessarily provide additional value in some cases. As an alternative, and a variation on the IPART recommendations, it is recommended that:

1. An exhaustive DWC guide be created for councils detailing what can be expensed by domestic waste services and charges. This will guide internal financial audits conducted by each Council.
2. Greater transparency provided by each council to their community detailing the breakdown of components that make up the DWC.
3. Establish a Centralised database (Benchmarking) to be provided to internal stakeholders only (Councils, ROC's, State and Regulatory bodies) to avoid public misinterpretations or unreliable comparative data analysis that may not account for the wide and complex variations in council services.
4. The NSW EPA and/or DPIE should verify data provided by councils against data provided by the processing facilities. Accurate and reliable data is vital as this informs or misinforms future strategy and policy.

## Centralised Database

### Question 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?

#### Difficulties with benchmarking and reporting

A centralised database for internal stakeholders would be useful. However, as discussed, due to the vast differences in services and service levels required or provided, benchmarking and centralised reporting may not provide an accurate or reliable measurement to the general public. A low cost service does not necessarily equate to best value. Attempting to benchmark and report the findings to the public could lead to social, environmental and political dissatisfaction among different communities.

There are multiple factors that could influence value such as quality, volume, frequency, social and environmental outcome, location, and government policy.

**Example of community value that does not equate to affordability:** High density housing areas commonly have issues with the presentation of a substantial amount of bins on the kerb or roadway on collection day.

A cheap or common approach is to collect them with using a side arm collection vehicle but this solution occupies a considerable amount of space on the kerb or roadway. This is an aesthetically displeasing way to service, creates an obstruction to either pedestrians or vehicles, and can introduce an unwelcomed odour and health related issues to this public open space area.



A more expensive approach involves on-site collection, using a small rigid (rear load) collection vehicle which mitigates challenges discussed above. This may be a preferred community solution despite additional cost.

## IPART Proposed Pricing Principles

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

#### a. DWM charges should reflect a 'user pays' approach

Council **does not** recommend a 'user pay' system based on weight.

A user pay system based on weight will be too difficult and expensive to monitor, regulate and budget. This may lead to unsavoury practices such placing waste in neighbouring bins to avoid or reduce service fees.

Council does recommend an 'aggregated user pay' system based on aggregated services provided.

1. Bayside Council provides a standard domestic waste admin service fee for:
  - 4 scheduled kerbside household clean ups;
  - 22 annual community recycling drop off events;
  - Investigation and removal of illegal waste dumping;
  - Associated waste education;
  - Associated waste management.
2. Bayside Council provides a standard domestic waste bin service charge for:
  - Garbage bin collection, processing and disposal of residual;
  - Recycling bin collection, processing and disposal of contamination;
  - Organic or Green-waste collection, processing and disposal of contamination.
3. Bayside Council provides advertised paid services for additional services as required.

There are instances whereby a multi-unit dwelling may opt for a private bin collection service and only pay for the standard domestic waste admin service, which includes clean ups.

#### b. Only reasonable cost categories should be reflected in DWM charges

Council agrees that only reasonable costs should be reflected in DWM charges.

Council takes all care to make sure that domestic waste charges reflect rational costs. This includes:

- Factoring in all rational costs (including operational, capital and remedial),
- Projected financial modelling over a ten year period,
- Incrementally charged, and
- Reviewed annually.

The challenge is that the current LG Act does not provide an exhaustive list or guide on what are considered reasonable costs. This should be addressed to provide greater clarity.

### **c. DWM charges should reflect efficient costs**

As discussed, since council services and community expectations vary significantly what one council interprets as efficient costs may not be considered efficient by another council.

This approach assumes that affordability and value to the community are the same, which they are obviously not due to the differences between council services and community expectations.

Benchmarking council public Tender and Contracts Registers will not unpack what levels of service are provided, and only provides a vague overview including cost and length of contract.

Contract confidentiality clauses act as a barrier to share detailed information with other councils. General assumptions can be made to account for this.

Infrastructure funding, which should be funded by the NSW Waste levy, would allow councils to acquire locally based land for transfer stations, community recycling hubs and facilities for re-use, repair, sorting, processing, and treatment. This would eliminate or minimise profit margins, dependent on councils risk appetite and skill set to own and run these facilities outright, to enter a joint venture with a contractor, or to own and contract the operations.

Efficient local domestic waste costs need to be supported by State levies that have driven these prices up.

### **d. DWM charges should be transparent**

Bayside Council provides transparency to its community by breaking down the components that make up the domestic waste charges. These fee and charges are publicly exhibited and available on multiple media platforms. Categories that the charges should be broken down into include:

- Domestic Administration Fee,
- Domestic Waste Bin Service,
- Additional Domestic Waste Bin Service,
- Strata Unit Domestic Waste Bin Service,
- Non-strata Unit Domestic Waste Bin Service,
- Additional non-strata Domestic Waste Bin Service,
- Non-rateable Waste Bin Service,
- Additional Non-rateable Waste Bin Service,
- Additional Garbage Bin Service,
- Additional Recycling Bin Service, and
- Additional Green Waste Bin Service.

The DWM charge that customers pay for each service should be simple and transparent. There should ideally be a separately identified charge for each service.

However, the public benefits to benchmark one council against another are not justified or reliable in some cases when direct comparisons cannot be made due to variables discussed earlier.

#### **e. DWM charges should seek to ensure price stability**

Council does ensure price stability through small annual changes to the fees and charges, and manages 'one-off' larger expenditure acquisitions and programs through the restricted Domestic Waste Reserve over a ten-year period. However, changes in policy, strategy, technology, funding and associated levies can affect the price stability. The Domestic Waste Reserve assists in smoothing the year to year cost variances, ensuring some level of stability.

### **Centralised Database**

**Question 12: Are there any other pricing principles or issues that should be considered?**

**Council response:** Please see response to Question 11.

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

### **General data benchmarking**

As discussed, since council services and community expectations vary significantly, what one council interprets as efficient or effective costs may not be considered efficient or effective by another council.

This approach assumes that affordability and value to the community are the same, which they are obviously not due to the differences between council services and community expectations.

Benchmarking council public Tender and Contracts Registers will not unpack what levels of service are provided, and only provides a vague overview including cost and length of contract.

Contract confidentiality clauses act as a barrier to share detailed information with other councils. General assumptions can be made to account for this.

Sincerely,

Joe Logiacco

Manager Waste & Cleansing Services  
Bayside Council

### **FURTHER INFORMATION**

For further information or discussion, please contact:  
Manager Waste & Cleansing Services  
Mr Joe Logiacco

