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**Independent Pricing
and Regulatory Tribunal**

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20 October 2020

Review of domestic waste management charges
Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP
SYDNEY NSW 1240

Dear Sir/Madam

Re: Review of domestic waste management charge

The Bega Valley Shire is located at the south-eastern corner of New South Wales, halfway between Australia's two largest cities, Sydney and Melbourne and three hours' drive from the nation's capital, Canberra. Our coastal fringe extends from Wallaga Lake in the north to Cape Howe and the Victorian border in the south – a total of 225-kilometres, which is interspersed with opportunities for farming, manufacturing, health and social services, retail and tourism. There are over 33,000 people that call Bega Valley home, and with that comes many waste management challenges and opportunities.

Over the past 10 years we have vastly improved the standard of our waste facilities and services. As waste generation increases, our remaining landfill are filling faster than planned, and landfill space should be preserved for the long-term management of non-recyclable waste and managing waste from natural disasters. With our performance in recycling domestic waste and business waste falls well short of NSW's recycling targets, there is a considerable need to further invest in waste diversion and resource recovery in our local government area.

Bega Valley Shire Council (BVSC) does not have one specific domestic waste charge. To provide a flexible and affordable waste management solution to ratepayers, charges are levied on a variable scale based on property type and choice of bins and sizing, and are set to meet the reasonable costs of the service for those customers for waste collection and the associated waste disposal, processing, and recycling. Services vary from kerbside bin collections, to those located in bin banks (for rural areas), in addition to self-haul facilities.

The domestic waste charge does increase from year to year, with some charges having necessarily increased by slightly more than the general rate. The cost to provide recycling services has increased due to contamination in Australian recycling streams and disruption of recycling market supply chains in Australia and abroad. The recycling services charges have been forced to increase by slightly above the general increase, being on average less than \$2 per year per bin, and less than \$1.50 for most customers (a 3% increase in general).

The cost to deliver services to rural customers has always been higher than the cost to deliver the same service to urban customers, and currently these customers are somewhat subsidised by urban customer charges. Council's Waste Strategy also flags improvements in rural collection services, bin bank services and expansion of services for rural customers in the future. Rural customers are therefore subject to an increase above the general increase for weekly landfill services to reduce the subsidy provided by urban customers and enable a path to improved services overall.

In the IPART discussion paper of August 2020 titled Domestic Waste Management Charges, it is questioned whether there are issues with the pricing of DWM services, and, if so, how a response should be managed. While regulatory action though auditing is not considered necessary, there is a need for greater definition, noting the variability in its use and application of the term *domestic waste management charge*. The Local Government Act 1993 (the Act) definitions that apply to the charge would benefit from further discussion, to give Council's more guidance on how it can be applied.

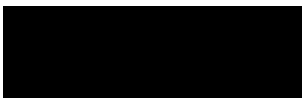
While Council manage self-haul waste and recycling transfer stations and landfill facilities, the kerbside waste collection services is outsourced to a contractor through a competitive tender process. Being in a rural area, most contractors are disadvantaged by the significant cost of initial capital outlays (trucks, depots etc.) required to commence a service, and are therefore uncompetitive. This creates a monopoly effect for existing service providers. Councils may have no choice but to accept a kerbside collection contract where rates can increase beyond the general CPI rate, and if increases to domestic waste charges are pegged, Councils may be left to fund any surplus expenses through other means. In considering the idea of a pegged rate for domestic waste management charge, it is vital to remember that any domestic waste management charges must ensure that a council can generate revenue that is sufficient to meet its efficient costs, so that it can continue to supply services to the community.

The discussion paper explores options for greater regulatory oversight for domestic waste charges. BVSC are generally supportive of a more regularised charge, knowing that it will provide greater transparency for the community on waste management expenses and cost recovery. However, preference would be towards a less rigid approach. To avoid further duplication in reporting and auditing obligations which already burden Councils, IPART may consider establishing regionalised benchmarks and a publicly available comparison tool comparing DWM charges for equivalent services across comparable councils. Given this information is already publicly available, a proposed centralised and comprehensive register of successful tender contract values for DWM services is also a reasonable option, potentially empowering Councils in negotiating tenders, and creating opportunities for cost-efficiencies through joint tendering ventures.

Council support the introduction of pricing principles for DWM charges, as a means to provide greater definition and guidance to councils in setting DWM charges. It is clear there is much disparity in how domestic waste charges are applied between Council's, and how the funds are used. Domestic Waste Management charges should reflect a 'user pays' approach, where the full costs of collection, transport and disposal are redeemable. For many Councils, particularly those in rural and regional areas with limited infrastructure or opportunities for data capture, the true cost can be difficult to calculate. BVSC, for instance, utilise NSW EPA vehicle count methodology to estimate waste volumes, as opposed to using weighbridge data. Accuracy is therefore not guaranteed. The same applies in the case of calculating attributions to waste services – most Councils can only estimate the value of contributions from other Council functions towards waste services, such as human resourcing, technology and administration staff. As such, in regulating domestic waste charges and expenses between Councils, leniency should be considered.

We thank IPART for the opportunity to provide a submission to the Inquiry. If any further information is required please do not hesitate to contact the undersigned, or Council's Waste Services Manager, Mr Alan Gundrill.

Yours sincerely



Anthony McMahon
Director Assets and Operations