

# Domestic waste management charges - Discussion Paper

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Question	Response
<b>Feedback and Submission Form</b>	
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?	See attached
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?	See attached
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?	See attached
4. Do you have any other comments on councils' domestic waste management charges?	See attached
5. Which Council do your comments relate to?	Camden Council
Your submission for this review:	See attached
If you have attachments you would like to include with your submission, please attach them below.	<a href="#">Camden Council's Review of Domestic Waste Management Charges - Final.pdf</a>
<b>Your Details</b>	
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	Corey

Last Name	McArdle
Organisation Name	Camden Council
Position	Manager Waste and City presentation
Email	
IPART's Submission Policy	I have read & accept IPART's Submission Policy

25 September 2020

Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop  
SYDNEY NSW 1240

Dear Sir/Madam

**Re: Review of Domestic Waste Management Charges**

Camden Council is pleased to provide comment on IPART's Discussion Paper of the review of Domestic Waste Management Charges.

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

Camden Council provides an inhouse waste service through day labour. Over the past 5 years the rate peg increased by an average of 2.28% per year while Camden's DWM fees increased by an average of 2%. This is predominately due to Council being part of a long-term disposal contract that has protected Council from large increases in disposal costs over time. This contract ends in 2024.

If IPART were to recommend the implementation of a waste peg consideration must be made as to how waste costs which represented each Council's unique disposal method or contractual arrangement would be included. IPART should also consider Council's long-term financial planning for items such as capital improvements to a waste depot (where an in house service is provided), plant purchases and planning for increases in disposal fees.

DWM charges are driven by a set of cost drivers that include:

- The section 88 contribution (waste levy) which is set by the state government and increases annually at CPI
- The increasing cost of waste processing and disposal
- The chosen processing method which generally determines the volume of waste diverted from landfill
- Method of waste collection (contractor vs in house)
- The availability of markets for end product sales
- The service offerings appropriate to the Council area and needs
- Legislation such as export bans
- New requirements for disposal of emerging waste streams i.e. E-Waste
- The State targets for landfill diversion

To ensure that Camden Council complies with the “reasonable cost” requirements of the Local Government Act 1993, the following expenses are used to calculate the DWM charge.

- Staff costs and overheads
- Fleet vehicle costs, including running, capital and depreciation costs
- Bin purchase and maintenance costs
- Disposal fees
- Compliance costs
- Education and Communication costs for residents using the services

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

Community expectations and preferences greatly determine the level of waste service that Council provides as the service is designed to deliver the objectives of the Community Strategic Plan. Council regularly reviews services to ensure that community needs are met, and that Council is providing a value for money service to our community that meets their expectations.

Offering a wide variety of domestic waste service options allows ratepayers to select a fit for purpose domestic waste service and Council to charge accordingly. This system accommodates the wide range of socioeconomic and geographic variation within an LGA and allows Council to meet the needs of all residents. A prime example of this for Camden is our different bins sizes allowing residents to select the bin size that reflects their needs and the volume of waste generated by their household.

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

Yes, there is effective competition in the market. Camden Council is currently in the process of a competitive open tender process to ensure that the best value for money is achieved. Early industry engagement has shown sufficient interest in the project from the sector confirming that multiple service providers intend on tendering.

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

Yes. Camden Council has a comprehensive budget model and long-term financial plan which itemises all operating/capital costs, incomes and committed reserves. Council’s Waste and Finance teams closely monitor the operational budget and conduct annual budget reviews of the long-term financial plan to ensure it remains current.

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

Council's preference is for a less intrusive regulatory approach. This approach allows more flexibility for Councils to meet the community's expectations of the DWM service. Council supports the development of pricing principles for setting DWM charges, as guidance for councils. However more clarification would be required on investigation and regulation methods to determine if this approach would be appropriate.

Rigid regulation of DWM charges would increase the risks of long-term financial planning and could result in DWM budget shortfalls if IPART's increase is not representative of the local costs to deliver DWM services. This would ultimately lead to the need for large increases to adjust income.

Regulatory approaches need to be flexible to achieve the goals of IPART whilst allowing Councils to manage an efficient and effective DWM service.

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

N/A

**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?**

Variation within the state could be normalised via the use of the waste levy areas. Use of the waste levy area boundaries would account for some of the geographic challenges on DWM charges. The waste levied areas are (<https://www.epa.nsw.gov.au/-/media/epa/corporate-site/resources/wasteregulation/levy-area-map.pdf?la=en&hash=C00135E31055627BB8A41EAEB222864C2655B186>):

- Metropolitan Levy Area
- Regional Levy Area
- Non-Levied Area

Within each of the levied areas a standard, or base, waste service could be created by surveying all applicable Councils allowing for a 'like for like' comparison of service offerings and DWM charges.

An indicator for Councils who provide additional or reduced services would be required to indicate whether a higher or lower than average service is provided.

A benchmarking approach would also need to consider additional transport costs some councils would incur which are outside of their control.



**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?**

The approach appears balanced and would provide guidelines to work within.

It is difficult to say if this will be an effective approach at this stage. It will be dependent on developing an effective reporting framework and pricing principles which accommodate the wide variety of Councils, the different operating costs and DWM services. Any proposed model would need extensive consultation with the industry and Councils.

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

Yes. The proposed approach of setting pricing principles and benchmarking Councils would be preferable. It is also important to note that compliance with both the principles and legislation is important, there should be a balance between auditing and IPART's proposed approach to ensure consistency across Councils.

**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?**

Some issues to be considered are:

- The wide variety of waste services offered throughout NSW e.g. how would weekly vs fortnightly collection services be benchmarked
- That Councils and ratepayers may be looking for different information when benchmarking
- The DWM related costs which are borne by Councils that are outside of their control

The data base could be created with a simplified and easy to interpret benchmarking page for ratepayers and a more detailed benchmarking page for Councils.

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

Camden Council currently uses similar principles when reviewing the DWM operating budget and Council's long-term financial plan.

In general Camden Council agrees with the proposed pricing principles, however these principles require further clarification (e.g. what is the definition of a social program).

DWM service delivery is impacted by many factors including:

- Local demographics
- Local preferences and community expectations
- Geography & location of the Council
- Disposal locations
- Housing profiles
- Organisation structure

- Future regional growth
- Contamination management
- Processing methods

The above factors would need to be incorporated into the pricing principles in order to ensure the principles are robust and allow Councils to meet community expectations.

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

Yes, an additional pricing principle which could be included is:

### **‘DWM service meets community expectations and preferences’**

This principle while not purely price based would allow Councils to meet community expectations on issues such as environmental outcomes or service quality and continue to provide an efficient and effective service. DWM is an essential community service provided by Council but cost is not the only factor in determining value for money service.

Other issues that should be considered are:

- The impacts of geographic location on service delivery and DWM charges,
- The differing levels of access to services and service providers across the state.

## 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?

Yes, this will provide Councils with valuable information which is required to tender for both collection and disposal services. Knowing who potential tenderers are, services provided, and contract amount would aid in budgeting as well as service planning. A database like this would also facilitate joint procurement projects by providing a list of expiry dates.

Should you wish to discuss this submission, or have any questions please contact Corey McArdle via phone [REDACTED] or via email [REDACTED]

Yours sincerely,

[REDACTED]

Corey McArdle  
**MANAGER WASTE AND CITY PRESENTATION**



#### English

"This information is important. If you need help understanding this document please call the Translating and Interpreting Service (TIS) on 131 450 and ask them to contact Council on 02 4654-7777 on your behalf."

#### Arabic

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