

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
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1. Are there concerns with the prices councils charge for domestic waste management services? Why/why not?	<p>No.</p> <p>Inner West Council recovers costs for provision of the Domestic Waste Services through the domestic waste management charge as prescribed under the Local Government Act.</p> <p>If this were to be limited (capped rate increase in any given year), this would impede the delivery of new and improved services and not respond to changes in resource recovery or processing cost increases (e.g. from a new contract, or increased resource recovery).</p> <p>The NSW waste levy has impacted DWM charges – with increases of 148% over ten years from \$58.80 per tonne in 2009-2010 to \$146 per tonne in 2020-2021.</p> <p>DWM costs have recently been impacted by the following;</p> <ol style="list-style-type: none"> 1. China Sword Policy - increased recycling processing costs. 2. NSW container deposit scheme (CDS) – changing the composition and proportion of contamination removing more valuable commodities such as steel and aluminium cans from kerbside recycling, lowering the value of kerbside recycling and increasing the percentage of contamination (increasing costs where there's a contamination levy in the contract). 3. NSW Government regulations (MWOO) – reduced resource recovery through MBT restrictions requiring investment in alternative

	<p>solutions.</p> <p>4. COVID-19 – more of our community is working from home and home delivery increasing waste generation across all streams (clean-up tonnages making space for home office, recycling and garbage with office supplies, food and drink consumed at home).</p> <p>5. Density - collection costs increase as multi-unit dwellings (MUDs) and dense urban areas require servicing using smaller rigid trucks that can access MUDs and narrow lanes (e.g. Newtown/Enmore). In dense urban areas with street parking rear load collection vehicles with crews wheeling bins from the kerb to the truck to empty (driver and 2 staff) are used compared to other council areas where a single arm lifter truck can be used staffed by only one driver.</p> <p>6. Grant Funding availability - NSW Waste Less Recycle More grant funding decreased by 43% from \$68.8 million (2013-2016) to \$39 million (2017-2021).</p> <p>7. Amalgamation impacted DWM charges - IWC had 3 legacy variations of charges and services. To integrate these detailed service reviews, transition plans and systems needed to be developed and implemented.</p>
<p>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?</p>	<p>No concerns.</p> <p>Inner West Council needs flexibility to provide domestic waste services that meet community need, our built environment, processing options and respond to local, state and federal resource recovery targets. As a result, one size does not fit all - councils must be able to offer appropriate services and be able to respond to changes in the resource recovery sector which comes at varying levels of cost.</p> <p>Financial modelling Encouraging Councils to use domestic waste long-term financial models could be a useful tool to spread costs of new services and infrastructure more evenly avoiding peaks and troughs in annual DWM charges to residents.</p> <p>Auditing Financial audits are already undertaken within council which verify the cost recovery model.</p> <p>Local Government Act The Local Government Act is ambiguous regarding what can be funded by DWM charges, and LGNSW nor OLG can assist with interpretation – it relies on the financial</p>

auditor's interpretation. The LG Act is outdated in reference to what the DWM charge can be used for – it only refers to recycling activities linked to the DWM with no reference to avoidance, reuse and circular economy which are at the top of the waste hierarchy and key drivers for state and federal resource recovery strategies and targets. Avoidance and reuse offer the greatest opportunity in reducing the amount of waste requiring collection, transportation and processing and therefore improving the efficiency and reducing costs of waste management.

The draft NSW 20-Year Waste Strategy is expected in 2021 with landfill diversion and resource recovery targets likely to significantly impact future services and therefore charges. Given the current policy uncertainty, it may not be the best time for IPART to establish a method or framework for DWM charges until there is more clarity around NSW Government policy and regulatory framework.

Procurement

The Local Government Act 1993 (section 55) guides procurement to ensure that a fair and transparent process is followed for tenders over \$250,000.

The biggest concern with procurement is contestability as the Sydney market is dominated by a small number of multinational suppliers with little competition. Council participates in regional procurements to increase their leverage with respect to a limited number of larger suppliers. Collective procurement increases short-term cost but may reduce market competition in the longer-term.

<p>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?</p>	<p>No.</p> <p>Domestic waste charges are currently available on each Council's website as part of fees and charges – charges can already be compared if desired.</p> <p>Communicating detailed costs and services is a resource intensive task due to the huge variation in services – assumptions and political involvement would create conflict and unnecessary media attention with the community pushing for less/more services or lower costs which would be unhelpful. Each council offers different levels of domestic waste services based on the demographics, the built environment, types of collection vehicles used, access to transfer and processing facilities and other considerations related to the local area.</p> <p>A centralised database would not add any value to the ratepayer, only give them reason to contact council and question the price they are paying for the service.</p> <p>Councils report DWM charges and waste and recycling data to the NSW EPA annually and duplicated reporting would add to workloads.</p>
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<p>4. Do you have any other comments on councils' domestic waste management charges?</p>	<p>Transparency of overheads and what is funded by each council through the domestic waste charge to auditors is useful in aligning what the DWM is used for. This could be benchmarked with neighbouring LGAs with itemised expenditure against DWMC including overheads allocated as councils currently interpret the guidelines for use differently. What can be funded by the DWM Charge under the Local Government Act should be reviewed as it is out-dated and ambiguous. It currently specifies;</p> <ul style="list-style-type: none"> • Weekly (or other periodical) garbage collection from domestic properties • Weekly (or other periodical) waste collection from domestic premises. <p>IWC Note – 'waste' is not the same as resource recovery</p> <ul style="list-style-type: none"> • Extra services of the kind referred to in 1 and 2 above (e.g. for flats) • Periodical clean-ups from domestic premises • One-off collections of a similar nature arranged "on-request" by occupants of domestic premises • Recycling activities tied in with any of the above elements. <p>IWC Note – 'Recycling activities' is outdated and should include residential avoidance, reuse and recycling initiatives and align with circular economy principles which reduce the amount of waste generated and presented by the household for collection and processing. Also makes no reference to drop-offs e.g. problem wastes, e-waste and residential transfer stations (self-haul).</p> <ul style="list-style-type: none"> • Operating costs include direct costs, indirect costs and overheads that can be allocated on a reliable basis and directly attributed to running these services. <p>More detail should be provided as to waste and resource recovery that can or can't be funded by DWM to remove ambiguity including illegal dumping, event waste, corporate waste etc.</p>
<p>5. Which Council do your comments relate to?</p>	<p>Inner West Council</p>
<p>Your submission for this review:</p>	
<p>If you have attachments you would like to include with your submission, please attach them below.</p>	
<p>Your Details</p>	

Are you an individual or organisation?	Organisation
If you would like your submission or your name to remain confidential please indicate below.	Anonymous - my submission can be published but my name should remain anonymous
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IPART's Submission Policy	I have read & accept IPART's Submission Policy