

Domestic waste management charges - Discussion Paper

Submission date: 2 October 2020, 12:44PM

Receipt number: 51

Related form version: 4

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?	Yes, there are concerns raised about the cost of domestic waste services raised by our community. However, this is primarily because our Local Government Area has been included in the Waste Levy area for a reason that is unclear to everyone, as this levy was intended to help address issues in the fastest growing regions of the state, and the Kyogle LGA has had negative growth for over 20 years. This unfair tax on our struggling community impacts heavily on our Domestic Waste customers, who are already faced with the high transport costs presented by the tyranny of distance associated with delivering this service to a small population dispersed across a large geographic area. The biggest problem facing the waste industry is the lack of state government leadership, with the focus on taxing the end consumer, while the generators of the waste materials are free to go about business as usual. There needs to be a change in focus away from taxing the end user, to taxing or encouraging manufacturers and retailers to minimise use of unnecessary materials and avoid the generation of waste, instead of this constant focus on the end user and the disposal process and its associated cost.

<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>IPART should respond by not getting involved in another area of local government that it does not fully understand, particularly one that has such a high number of variables and is subject to potentially dramatic changes in the cost of business, as was recently experienced through the impact of the China Sword. In many cases, the General Fund revenue is already subsidising waste management cost, and the General Rates revenue is already subject to an unfair rate pegging system, which has created a massive financial burden on local government in NSW when compared to other states, and threatens the very sustainability of local government and regional communities in particular. For IPART to become involved in the regulation of prices in an area with such complexity and variability as waste management, would be to the detriment of all of regional NSW. There is already legislation protecting domestic waste customers from being charged prices in excess of the cost of delivering the service, and this is subject to external audit by the Audit Office of NSW and its agents, as well as the financial regulation of the Office of Local Government. There has simply not been any case made of the need for any additional regulatory intervention, which goes against the NSW Government's own published Better Regulation Principles.</p>
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<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. The variables involved in the delivery of waste services are too numerous and significant to provide any meaningful comparison from one area to another, and this variability increases as you move out of the metropolitan areas into the more regional and remote areas where economies of scale are not readily available, and costs per capita or per property are substantially different despite even the most efficient and effective service delivery. These variables apply in terms of the levels of service delivered, and the cost of service delivery in and around transporting and collecting waste, recycling and recovery, processing of recyclables, and land filling operations. There is really no meaningful comparison to be applied at the statewide scale, only at a local versus regional scale and even then it generally will come down to the communities willingness to pay rather than any guiding principles that might be developed externally without intimate knowledge of the local conditions and constraints.</p>
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<p>4. Do you have any other comments on councils' domestic waste management charges?</p>	<p>The impact of the NNSW Governments Waste Levy is disproportionately borne by a community that does not share the economic and social advantages of the rest of the region to which it applies – e.g. low wage, low/no population growth, marginal economic viability in local/sub-regional centres. All of these issues – along with the cost of providing a waste service to a sparsely populated (relatively speaking) area with a dispersed settlement pattern – has a significant impact on Council's ability not only to maintain current service levels, but also to plan for modernising/improving the domestic waste service in the future. The impact of the levy is to divert precious financial resources away from potential service improvements – and, as technology and community expectations change, there will be pressure on Council to develop new sustainable models of service provision. The ongoing imposition of the levy will actively militate against the development of new models of service provision thereby embedding inequity and rural disadvantage in the region. Any attempts to then add the burden of a regulatory pricing regime on top of these issues, will leave Council and the community in a position where there would likely be a need to reduce the overall levels of service due to the inability to raise the required revenue to fund the services.</p>
<p>5. Which Council do your comments relate to?</p>	<p>Kyogle Council</p>

Your submission for this review:	<p>The NSW Government needs to remove itself from influencing the financial costs associated with waste management, and move its focus to the reduction of waste production, as well as removing the regulatory barriers that currently stifle innovation and limit the options for the management and disposal of waste streams. The artificial economy that has been created by the waste levy and the addition the EPA has to this income stream, is the single biggest barrier to investment and innovation in NSW. The state needs to stop trying to control the waste market, and start to control the manufacturing and production markets to minimise the creation of waste in the first place. Industry will take up opportunities when the market provides them with a profit, and local councils are as always the provider as last resort when there are no profits to be made. Any involvement of the IPART on the regulation of domestic waste management charges will only serve to further complicate this situation, and more than likely lead to poor outcomes for Councils and our local communities as we take on the challenges presented by the management of waste, while at the same time faced with such a leadership void from state and federal governments.</p>
If you have attachments you would like to include with your submission, please attach them below.	KV-KC_Branded_Waste Levy.pdf
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	Graham
Last Name	Kennett
Organisation Name	Kyogle Council
Position	General Manager
Email	
IPART's Submission Policy	I have read & accept IPART's Submission Policy

Meeting the challenges of our unique & diverse



NSW Waste Levy:

An unfair tax on struggling communities

NSW Waste Levy: An unfair tax

The Facts as at March 2020

- The waste levy was introduced in NSW in 2009
- The levy for regional areas when first introduced was \$10 per tonne
- In 2019-2020, the waste levy for regional areas is \$82.70 per tonne, representing a 827 % increase over ten years
- The waste levy is currently taxing the Kyogle community to the tune of \$250,000 per year
- Introduction of the waste levy has resulted in:
 - ◆ a massive increase in illegal dumping
 - ◆ Cross border transportation of waste from NSW to be dumped in Queensland (which until recently did not

have a waste levy)

- ◆ The creation of a corrupt black market trade in waste
- ◆ Not all communities are being treated equally

The **waste levy** is the single biggest contributor to cost shifting in NSW, particularly for metropolitan and regional councils. (Most rural councils are exempt, except for Kyogle Council on the North Coast of NSW). In 2015/16 **\$305 million** was lost because the NSW Government did not fully reinvest the waste levy, paid by councils, back into local government environmental programs. (Reference LGNSW *Impact of Cost Shifting on Local Government in NSW 2018*)

The Issues:

Kyogle Council falls within the Regional Levy Area (RLA) footprint and has been paying the levy since 2009. The nature of the Kyogle Local Government Area (LGA) is very different when compared to other LGAs in the Northern Rivers Joint Organisation footprint who are also subject to the RLS, as illustrated by the tabled below:

Local Government Area (2012/2013 data)	Population density per square km	Road length per capita
Kyogle	2.7	128 metres
Richmond Valley	7.4	48 metres
Clarence Valley	4.9	48 metres
Tweed	67.9	14 metres
Lismore	34.5	27 metres
Byron	54.6	19 metres
Ballina	84.5	16 metres

Kyogle has a very similar geography, demographic and industry base as our neighbour, Tenterfield Shire Council, which is not in the RLS or subject to the waste levy.

There is an inconsistency in the application of the waste levy to specific council areas. For example, Kyogle Council is required to pay the waste levy, yet coastal councils such as Bega Valley Shire and Eurobodalla Shire, with much higher population densities, don't pay the levy.

When you consider the more remote location and much lower population densities in the Kyogle Council area, and the low socio-economic status of our community, it is even more difficult to understand how our residents are burdened with such a toxic and unnecessary tax.

on struggling communities

Costs to Council continue to grow

Kyogle Council operates three transfer stations and its own landfill as part of its waste management operations. We do a lot of recycling to minimise landfill waste, as is the expectation and aspiration of our community.

The cost of the waste levy to Kyogle Council is almost \$1.3 million since its introduction, averaging around \$130,500 per year. The cost of the waste levy has needed to be passed on to ratepayers, driving up the costs of waste disposal and the fees at the tip gate get higher and higher each year. For example, we currently pay \$82.70 per tonne which is almost half the cost of land filling, including the long term costs associated with the construction of new landfill cells.

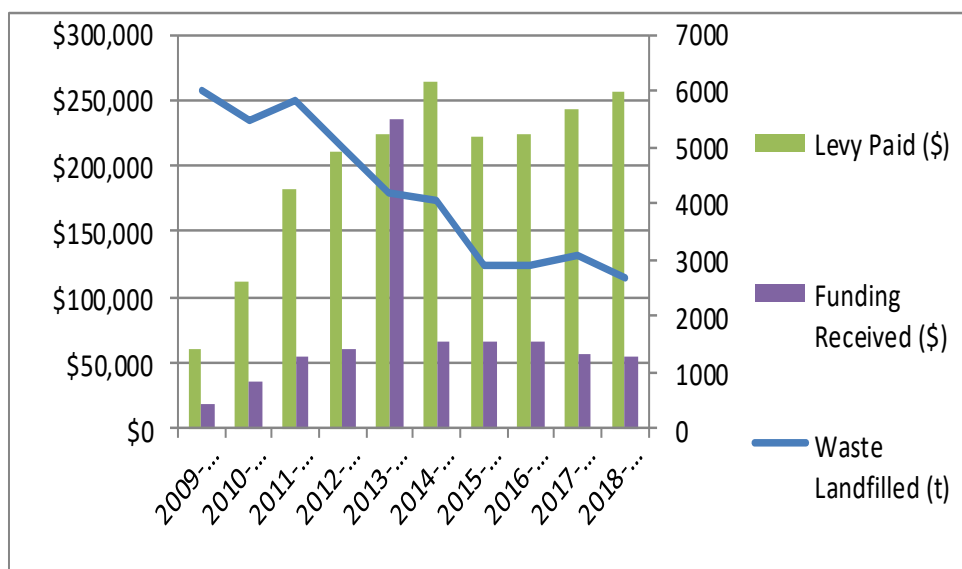
Year	Waste Landfilled (t)	Levy (\$/t)	Levy Paid (\$)	Funding Received (\$)
2009-2010	6026.8	\$10.00	\$60,268	\$17,788
2010-2011	5463.7	\$20.40	\$111,460	\$35,460
2011-2012*	5833.5	\$31.10	\$181,421	\$55,258
2012-2013	4986.2	\$42.40	\$211,416	\$59,317
2013-2014	4169.7	\$53.70	\$223,915	\$235,701
2014-2015	4045.3	\$65.40	\$264,561	\$65,701
2015-2016**	2883.2	\$76.70	\$221,139	\$65,701
2016-2017***	2874.7	\$78.20	\$224,802	\$65,413
2017-2018	3048.1	\$79.60	\$242,631	\$55,582
2018-2019	2654.6	\$82.70	\$256,021	\$55,186
Totals			\$1,997,634	\$711,107
Net Cost to Council			\$1,286,527	

* Separate co-mingled recycling introduced for domestic waste collection

** Weigh bridge operation commenced at Kyogle

*** Woodenbong landfill closed

To its credit, the NSW Government has used these funds to establish a \$465.7 million four-year infrastructure and recycling grants program. We recognise this commitment to encouraging recycling and supporting the associated waste infrastructure however, the net result of this program and the levy is a huge burden on councils such as ours.



As can be seen from the waste levy and landfill figures, Kyogle Council has paid \$2M in waste levy fees, and been provided just \$711k in funding through the associated grants program, a net loss to our community of almost \$1.3M.

Kyogle Council

Remove the waste levy



Waste levy costs Council \$1.7M over nine years

The biggest “measured” reduction in waste ‘sent to’ landfill came when Council funded a \$300k weigh bridge at its landfill site from its own funds. This resulted in a 30% reduction in waste landfilled, even though the amount of actual waste received at the site did not change.

How could this happen? With the waste being weighed, Council did not have to use the ultraconservative conversion factors dictated by the NSW EPA and was able to determine the true amount of waste being landfilled.

If the conversion factors dictated by the EPA had been correct, Council would have paid \$430k less in waste levy taxes over the last ten years. So the true cost of the waste levy to the community of Kyogle totals more than \$2.4M over the last ten years.

It should also be acknowledged that the costs of cleaning up the effects of illegal dumping are borne by Council. As the levy

has increased in NSW, many in the industry recognised that it was cheaper for them to truck their waste to Queensland.

It could be concluded that the NSW waste levy has incentivised the transporting of waste to Queensland and created a black market designed to avoid the levy including illegal dumping and illegal waste operators and contractors.



Conclusion

While the application of a waste levy in the metropolitan areas and fast growing regional centres may be appropriate, for a small rural council such as Kyogle, the impost of the levy results in a high per capita financial burden, with little to no improvement in environmental outcomes.

This is particularly evident when the increases in illegal dumping and the impact that this has on the environment are considered.



Council urges the NSW Government to remove the levy and amend the legislation as soon as possible, particularly for rural councils who have a low socio economic profile, limited capacity to pay, and even less capacity to address illegal dumping issues across a broad geographic area.

At the very least, Council is seeking to have the criteria amended for councils defined as “remote” (and are exempt from the levy) to include the Kyogle LGA.

Kyogle Council is already working with neighbouring councils to share resources and work together on strategies to reduce waste. We need to partner with the State Government to address this issue and ensure equity in terms of waste management to achieve the best possible outcomes for our region.

Kyogle Council asks the State Government to recognise its unique status within the Northern Rivers footprint and remove the levy.