

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?	
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?	
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?	
4. Do you have any other comments on councils' domestic waste management charges?	
5. Which Council do your comments relate to?	
Your submission for this review:	
If you have attachments you would like to include with your submission, please attach them below.	NSWRP submission to IPART DWMC August 2020 Final.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	Andrew

Last Name	Butcher
Organisation Name	NSW Revenue Professionals Inc
Position	President
Email	
IPART's Submission Policy	I have read & accept IPART's Submission Policy

20 October 2020

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

Dear Tribunal

Local Council Domestic Waste Management Charges

Thank you for the opportunity to present this submission on behalf of the NSW Revenue Professionals Inc. (NSWRP) in accordance with the August 2020 discussion paper.

The NSWRP is the peak body of NSW Local Government revenue employees and is formed in order to:

- unite in a common organisation, those Local Government employees who are engaged in rating and revenue functions,
- improve and elevate the technical and general knowledge of Local Government employees who are engaged in rating and revenue functions,
- distribute amongst its members, and the regional NSWRP groups, information on all matters affecting or pertaining to the profession of rating and revenue management within Local Government by way of meetings, newsletters, conferences, or any other method available to the Committee,
- promote a professional image of Rating and Revenue practitioners in Local Government New South Wales,
- promote quality services to Local Government in New South Wales through the dissemination of best practice,
- encourage members to keep up to date with finance related activities and legislative changes through continuing professional development,
- identify the skills and knowledge needed by employees and facilitate training and education,
- make the expertise of members available to professional bodies and government departments as required.

We are a peer elected Executive Committee consisting of four metropolitan and five regional council representatives. The Committee is supported by twelve regions, each region meets from once a year to three times a year to discuss relevant industry matters and provide an annual minute report on the items raised. We also facilitate our own sourced material training to assist staff new to local government or provide improved skills to developing rating practitioners.

Overall the NSWRP's Executive is supportive of IPART involvement in this matter and we believe in conjunction with the sector and under the oversight of IPART a new set of reasonable costs be determined and adopted as Section 23A guidelines.

Set out below is our submission to each of the thirteen items raised, we look forward to providing any assistance required by IPART during this process.

Advancing Professionalism in Revenue Raising

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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?

It is not a concern if DWM charges rise at different rates to the rate peg because there are different cost drivers. DWM charges reflect a set of reasonable costs incurred by local governments when providing the service to their communities.

Ordinary land rates are untied income for the purposes of funding works, services, facilities and activities other than DWM services (Section 504(1) of the *Local Government Act 1993* (NSW) “the Act”).

Community expectation of DWM service levels varies between each local government area. Different service levels impact on cost. The ‘basket of goods’ used by IPART to determine the Local Government Cost Index (LGCI) is based on ‘General Revenue’ in accordance with Section 505 of the Act. These exclude operating and capital costs of providing a DWM service. A similar approach of a ‘basket of goods’ relevant to DWM would not be comparable between local government areas due to differences in contract stages and contract requirements.

Increases in contract prices: CPI, fuel costs, salary costs, costs of managing illegally dumped domestic waste and State imposed levies (Section 88 levy Protection of the Environment Operations Act 1997) all have an impact on annualised DWM charges.

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

As outlined above, the expectation from a community can have significant impacts on the cost in providing services.

The table below represents the typical diversity of collection types, which is additionally complicated by options in collection frequencies, proximity to transfer stations and vehicle types necessary to provide the services in each area.

STREAM	BIN SIZE OPTIONS (L)	COLLECTION FREQUENCY OPTIONS
Household Waste	80, 120, 140, 240	Weekly, fortnightly
Commingled Recyclables	120, 140, 240	Weekly, bi-weekly, fortnightly
Paper/Cardboard Only	240	Weekly, fortnightly
Garden Organics Only	240	Fortnightly
Food and Garden organics	140, 240	Weekly
Food Only	80, 120, 140	Weekly, bi-weekly

In addition to these services, many local governments offer kerbside collection of waste that may or may not be facilitated by an online or over the phone booking system, tipping vouchers or scheduled on a pre-determined cycle. Advising the community and administering the service can be costly.

Some councils offer a free recyclables drop off that is especially popular during the Christmas period when residents often exceed the capacity of their recycling bin due to wrapping and recyclable packaging of gifts.

In both of the above cases, the community expectation would drive provision of the extra services as a convenient service that they are willing to pay for.

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

No comment.

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

The Act provides for this at a statutory level. It is important that all associated costs, both direct and indirect, be apportioned to DWM to effectively recover the cost and inform the community.

The opportunity to strengthen the overhead distribution to reasonable costs by creating guidelines would be welcomed.

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

We do not believe there is any need for further regulation, particularly if that would result in greater costs to manage the DWM service. Councils across NSW offer different levels of service to their communities and that flexibility could be undermined by regulation.

The Office of Local Government (OLG) should adopt new guiding principles as Section 23A guidelines with oversight by IPART.

- 6 Are there any other approaches that IPART should consider?

Renewed guidelines should be developed in collaboration with all stakeholders.

Key principles should include visual accountability to provide the community visibility within the Operational plan, Revenue Pricing Policy, the allocation of all costs, including but not limited to, intergenerational costs, contract or running costs, disposal costs, overheads and state contributions.

- 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?

Councils are already accountable via the Financial Statements and Annual Report within the IPR framework and report on DWM services in alignment with all council services.

Benchmarking would be difficult. Each service would need a benchmark but it would also need to account for individual considerations. The service level and access to DWM disposal infrastructure, local government size, density, location and layout would need to be factored in.

- 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?

Additional reporting, monitoring and benchmarking may not be an effective approach due to the many variables to service options, procurement and or contract outcomes and provisions.

The proposal to create and adopt pricing principles has merit. These are discussed further at Question 11.

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

Yes. Current auditing is sufficient and further audits by OLG are not required. Information provided to the community should give a true and fair view of the reasonable cost calculations. Improvements may be achieved through more robust and transparent framework through pricing principles.

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?

As already outlined, there will be many issues in developing an online centralised database for all NSW councils' DWM charges. IPART should consider service levels that vary quite significantly between areas that would cause the comparison to be disconnected and confusing. IPART could collaborate with the OLG to include the most common DWM charge within each local government area as part of the 'Your Council' website (yourcouncil.nsw.gov.au).

All DWM charges must be identified in each council's Operational Plan as part of its Revenue Pricing Policy (clause 201 Local Government (General) Regulation 2005). Admittedly, it can sometimes be difficult for ratepayers to efficiently access these separately.

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

Local governments await the release and adoption of the NSW Government's 20-year Waste Strategy. If adopted, the pricing principles may need to be reviewed in light of that release.

We would submit that IPART's proposed pricing principles need to be amended and broadened in order to better assist this complex service across all NSW councils.

Community expectations of services and service levels provided should also be reflected in the principles.

Intergenerational equity should be included in the principles. Councils may undertake considerable resource recovery work over many years or need to create a reserve to allow for a foreseeable cost in the future.

Environmental outcomes must also be included in the principles.

Applying incremental costs for overhead distribution is not reasonable and councils should be permitted to apply costs for printing, postage and debt management proportionally across DWM. This would ensure all costs are equitably identified in the delivery of DWM services. Councils issue notices, and in some cases need to follow up on, DWM debts where land rates are not levied or billed alongside DWM charges, examples of this include non-rateable land for community housing providers and church Minister's residences.

In regard to 'social programs', the Act already has reasonable protection, limiting councils' powers to grant rebates or discounts. If a council can show a connection between the level of service being provided to eligible pensioners and these are reported to the community (via council minute, Operational Plan) then such reductions should form part of the service costs.

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

Intergenerational Equity - DWM charges may be affected by capital or infrastructure costs across generations, councils may account for these through reserves that start prior to the costs being incurred. Intergenerational costs should be considered in the formulation of any reasonable cost calculation model.

Environmental outcomes – achievement of targets set by NSW Government.

Pension Rebate Concession - The Act (Section 575) requires a portion of the statutory \$250 rebate concession to be applied to domestic waste management charges. The OLG 'Council rating and revenue raising manual' provides guidance in the way the \$250 rebate is apportioned across DWM and ordinary rates. The final charge billed to the ratepayer has progressively been adversely impacted by the \$250 rebate remaining unchanged since it was last increased in 1986.

IPART should incorporate an update to the statutory rebate concession in any recommendations to the NSW Government.

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

No comment.

I trust this information is of some assistance to the Tribunal in making its final determination. If you have any enquiries or require clarification, please do not hesitate to contact me directly.

Yours faithfully



Andrew Butcher
President NSW Revenue Professionals