

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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<p>1. Are there concerns with the prices councils charge for domestic waste management services? Why/why not?</p>	<p>The annual domestic waste management charge levied by a Council to a rateable property is already governed under Section 496 of the Local Government Act. It is clearly stated within the notes of Section 496 that Councils are only entitled to charge the actual costs that arise from providing the waste services to that property. In addition to this, the external financial audit process conducted by each Council annually quite often includes a review of the reasonable cost calculation used to determine the domestic waste charge.</p> <p>Due to these safeguards already being in place to ensure a Council's domestic waste charge is a true representation of the cost to provide the waste services to that property there should be no reason for concern.</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>As outlined above there are already adequate safeguards in place to ensure the domestic waste charge levied by a Council on a rateable property is a true representation of the cost to provide the waste services to that property. Therefore, there is no reason for IPART to further regulate or provide greater oversight of the domestic waste charges of Councils.</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?

Before you even consider the differences in the waste services between Councils it is important to acknowledge the vast differences between Councils that already exist in regard too many aspects including population size, population density, geographical layout, geographical location as well as access to services and infrastructure.

On top of these differences from the waste perspective, the services offered across the waste and recycling sector provide Councils with several combinations they choose to utilise, in order to provide their residents with the most efficient waste service that best fits their requirements. When determining what service to provide their residents a Council has several options to consider, all of which will have different cost implications for Council and the residents.

Collection service costs incurred by a Council are dependent on several factors including;

- Number of services
- Configuration of service i.e., service frequency, bin size
- Geographical layout
- Provision of kerbside bulky waste collections at different levels of service
- Staff required to deliver the service contractor or council staff

Processing costs incurred by a Council are also dependent on several factors including;

- The volume of a waste stream
- Composition of the waste stream
- System used to process the waste
 - o Often the more environmentally beneficial processing options will increase the cost of the service due to the increased level of complexity.
- Landfill liability costs if council-owned

So, in summary, the comparison of domestic waste charges between Councils would more than likely provide no real benefit, as it is like comparing apples to oranges. This is because it is the waste services selected by a Council to deliver to its residents as well as its own geographical and population make up that will dictate the cost of providing waste services to their residents.

4. Do you have any other comments on councils' domestic waste management charges?

While society is generally looking to find the lowest price for goods or services in order to get value for money, searching for the lowest cost option when it comes to waste management is not the appropriate path. It has been identified in several NSW government policies, strategies and plans that higher order waste processing options offering positive environmental outcomes including reuse or recycling of waste in place of the historically cheaper option of landfilling is a must. These higher order waste processing options, however, come at a cost that is typically higher than that of landfilling. Hence, over time as Councils enter into contracts for these services the domestic waste charges will need to increase to reflect the new processing costs.

To help reduce this cost impact on the resident's additional investment by the NSW Government of the waste levy funds received from the landfill levy back into waste education and waste infrastructure projects would provide councils with financial reliefs. This reinvestment of the waste levy in this way would offset some of the costs that Councils and ultimately the residents are currently having to finance either directly or through contractor payments allowing a reduction in Councils domestic waste charge.

There have been some comments made during this consultation process that gaining economies of scale through joint procurement or standardisation of waste services across Councils could deliver savings. There may be some merit to this, however, some caution should be taken when considering this as a one size fits all scenario rarely is the answer. As mentioned previously a Councils population size and density along with its geographical layout and location are major factors associated with determining the most appropriate waste services to deliver as well as the costs associated with the delivery of these waste services.

For example, the joint procurement of waste collection could offer two very different outcomes. Metropolitan Councils in this situation may achieve savings due to

economies of scale gained through the sharing of resources between areas. However, it is likely to be a different case even if a number of regional Councils tender together because due to the large geographical area, they represent the sharing of resources would most likely not be possible. So in this situation the trucks would still have to travel the same distance and the same number of staff will need to be employed, therefore no economies of scale are reached resulting in the lift rate likely being the same as if they tendered alone.

Finally, it is essential to recognise that the waste industry has experienced several major changes in recent years, and some more are expected soon. These changes have in most cases had dramatic effects on the cost of providing waste disposal and recycling services to residents.

Some of the major changes within the waste industry include;

- Increases in the Regional Levy Area (RLA) levy that includes Singleton Council has increased by 26.45 % over the past 5 years and 727% over the last 10 years.

- The introduction of the China Sword Policy in 2018 caused major upheaval within the recycling industry in Australia and around the world. To

ensure the continued delivery of service to the residents Councils negotiated new disposal rates under Change in Law Clauses within their

contracts. These increases in disposal costs for recycling processing varied across Council's, however, for some the increase in cost was as high as 200% for this service.

- Changes to regulations for waste facilities and the allowed usage of their outputs can also have very negative financial outcomes for a Council.

For example, the revocation of the specific exemption for the uses of Mixed Waste Organics Outputs (MWOO) as a soil conditioner had a major effect on Councils who were contracted for that technology. While Singleton Council was not affected by the MWOO decision it could

easily be in a similar situation if a decision to alter any legislation relating to a technology or facility utilised by Singleton Council was made.

- The Australian waste export bans that are scheduled to start in January 2021 and progressively rolled out until 2024, will also influence the cost of recycling. Construction of new facilities will be required to meet the recycling needs within Australia. The contractors within the private waste industry will construct these new processing facilities, however, in order to reclaim their capital investment their processing rates to Councils will need to be increased.

Obviously, these changes within the waste industry have seen Council's costs to maintain the service increase by magnitudes well above that of traditional rate pegging. So, if a mechanism like rate pegging was applied to domestic waste service charges, at a value close to CPI like for general rates and another significant event occurred in the waste sector Councils would be unable to effectively reclaim the increased costs of the service through the domestic waste charge.

So if a Council was placed in a position where it was unable to fund the continuation of a recycling service due to a changes like those explained above, it may be left with no choice but to send the waste collected to a lower order disposal option like landfill to stay within budget. This outcome of landfill for material that can be recycled or reused is against what Council's, waste industry and the NSW EPA are trying to achieve. However, if a Council is unable to reclaim the increased costs of the service through the domestic waste charge it just wouldn't be possible to continue to recycle or reuse the waste.

5. Which Council do your comments relate to?	Singleton Council
Your submission for this review:	
If you have attachments you would like to include with your submission, please attach them below.	
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	Aaron
Last Name	Malloy
Organisation Name	Singleton Council
Position	Manager Waste and Circular Economy
Email	
IPART's Submission Policy	I have read & accept IPART's Submission Policy