

Domestic waste management charges - Discussion Paper

Submission date: 19 October 2020, 2:08PM

Receipt number: 80

Related form version: 5

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?	Our Association is not aware of any concerns with the prices councils charge for domestic waste management services.
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?	Due to the wide and varied range of waste management services offered to and by councils, any attempt to control pricing by IPART is likely to hamper good sustainable waste management outcomes for ratepayers.

<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>There are major variations in services and charges that reflect differing service levels, and community expectations and preferences across different councils.</p> <ul style="list-style-type: none"> > Increased housing densities is driving an increase in multi-unit dwellings (MUDs) and a decrease in single unit dwellings (SUDs). This can and has resulted in a more specialised service for MUDs where under building services are required as opposed to kerbside collections. Some MUDS also require a very labour intensive pull-out and place back service. > Geographical location of waste processing, transfer and disposal facilities has resulted in increased transport / collection costs. > Increased technological requirements at waste processing facilities to meet regulatory, environmental and market requirements. > Regulatory controls differing across jurisdictions. > Demand for increased recovery of resources to minimise landfill costs results in greater source separation and therefore increased collection services. > Variable risk profiles within Council contracts.
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4. Do you have any other comments on councils' domestic waste management charges?	<p>Domestic Waste Management services are complex.</p> <p>> Variables such as waste (recycling) collection type, bin size, collection frequency, seasonal adjustments, topography, density, bulky kerbside collection, pull-out, place back, bin ownership, education, contamination costs, diversion targets, etc. will all affect DWM charges.</p> <p>> The variation in services offered and the manner in which they are delivered is consequently also considerably variable. Contractors seek to differentiate themselves and offer 'value-adding' services for this purpose. We therefore do not believe benchmarking can achieve reliable data points to assist IPART, Ratepayers or Councils.</p> <p>> There is some support for a service provider accreditation, however we urge caution as these processes can be expensive for all involved and may create a divide in the industry and create a further barrier to entry.</p> <p>> Regional and Rural Shire Councils face many challenges including lower rating databases, increased service costs per tenement (due to less dense collections) and higher costs of transport to landfill and/or recycling markets. Seasonal variations also add to the complexity, all of which makes the issue of benchmarking both difficult and meaningless.</p>
5. Which Council do your comments relate to?	All Councils across NSW
Your submission for this review:	Please see our submission.
If you have attachments you would like to include with your submission, please attach them below.	WCRA submission to IPART re Domestic Waste Management Charges_Review_14Oct2020.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
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Organisation Name	Waste Contractors & Recyclers Association of NSW
Position	Executive Director
Email	

IPART's Submission Policy	I have read & accept IPART's Submission Policy
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2020

Waste Contractors & Recyclers Association of NSW IPART Domestic Waste Management Charges Review



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Document status

Rev. no.	Document purpose	Author	Peer Review	Date
1	Draft	K Donley		01 October 2020
2	Final	T Khoury, WCRA	WCRA Senior Executive	06 October 2020
3	Final	T Khoury, WCRA	G Caffyn, WCRA	20 October 2020

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Introduction

In August 2020, the Independent Pricing and Regulatory Tribunal (IPART) released a discussion paper for comment on NSW Local Government Domestic Waste Management (DWM) Charges.

Submissions were invited and are due October 6, 2020.

Motivation

IPART has made preliminary investigations and their initial analysis suggest that DWM charges are not providing good value for ratepayers and that there may be challenges for local councils in procuring and pricing these services.

The study is challenging the need to regulate DWM charging. The Discussion paper explains their preliminary views and seeks feedback on whether stakeholders agree there are issues with prices charged, and if so, how IPART should respond.

NB: In 2010 the Minister for Local Government delegated to IPART the power of approving special rate variations and minimum rates, and the function of varying DWM charges. In the past, IPART has not had to regulate charges. However, IPART believes there has been a general lack of oversight as to how increases in the DWM are calculated, and indeed, what services and charges councils choose to include under the umbrella.

PAPER SUMMARY

What is IPART Seeking

There are three parts to the paper, plus appendices, and there are thirteen (13) questions asked.

- 1) *IPART introduction around DWM charging*
 - 2) *Feedback on DWM charges and potential options moving forward, and*
 - 3) *Feedback on proposed pricing principles for setting DWM charges*
- Plus Appendices*

Section 1:

Section 1 is an introduction and talks about concerns around the DWM outstripping inflation and that in the past IPART has not limited the increases in DWM that Councils have applied.

Section 2 focuses on DWM charges and options and asks whether:

- DWM charges reflect reasonable costs (4 questions),
- If more oversight is appropriate, there are a range of potential options (3 questions), and
- If regulation is considered to be required, IPART's preference is to be less prescriptive and more targeted. It proposes a reporting regime and pricing principles (3 questions).

Section 3 Seeks feedback on pricing principles for setting DWM charges

- IPART's preliminary view is that the proposed pricing principles outlined should be applied to DWM charges set by local councils. They are not proposing to audit councils' compliance with these principles. They are to be used by councils as guidelines.
- Key objectives of pricing principles are to:
 - Establish categories of costs,
 - That costs be efficient,
 - Councils can generate sufficient revenue to meet its efficient costs, and
 - They promote cost-reflective charges.

IPART has listed 13 questions it is seeking feedback on. They are listed per section.

1. SECTION

To Date

IPART has opted **not** to limit the maximum percentage by which DWM charges may be varied. This is largely because of its belief that there are controls in place that assist to make DWM charges both reasonable and efficient. IPART lists such controls as:

1. Councils' obligation to limit the DWM charge to the reasonable cost of providing the service.
2. DWM costs get independently audited by the NSW Office of Local Government (OLG). And
3. Many councils outsource DWM services through a competitive tender process.

Initial Analysis

Some concerns that DWM charges are not reasonable and efficient. This view comes, in part, from the fact that DWM charges appear to be increasing faster than the rate peg and inflation. For example, between 2014/15 and 2017/18 average DWM charges have increased 22.9%. Over the same period, Rate peg has increased only 10.3% and Inflation only 8.2%

2. SECTION

- 2.1 DWM charges may not reflect reasonable costs.
- 2.2 If more oversight is appropriate, there is a range of potential options.
- 2.3 IPART prefers a less prescriptive, more targeted approach if regulation is required
- 2.4 If regulation is Required, IPART proposes a reporting regime and pricing principles.

2.1 DWM charges may not reflect reasonable costs.

Some statements made....

- Local councils are monopoly providers of DWM services
- DWM charges appear to be rising faster than rate peg
- Outsourcing is common – effective competition and procurement may not be.
- Some councils seem to be allocating a high proportion of overheads

Questions for stakeholders:

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?
2. To what extent does the variation in services and charges reflect differing service levels, and community expectations and preferences across different councils?
3. Is there effective competition in the market for outsourced DWM services? Are there barriers to effective procurement?
4. Are overhead expenses for DWM services appropriately ring-fenced from general residential rates overhead expenses?

Comment & WCRA Member feedback**WCRA response**

IPART should consider the many extraordinary issues and events that have occurred in the industry. In most cases these issues and events have driven costs upwards and many cases at a rate that is greater than the CPI. For example-:

- The NSW Government's section 88 Waste Levy has increased year-on-year. Local Council and Contractors have no control over this increase
- Increased environmental compliance has led to increased tip & recycling fees
- COVID-19 has resulted in higher domestic volumes and some areas are reporting higher levels of contamination in recycling bins
- Service type and service levels have changed
- Increased regulatory controls
- Improved Health, Safety and Environmental processes / controls
- Increased education requirements to manage / minimise contamination of product streams
- Increased costs associated with improved source separation to improve recovery costs.
- The risk profile of contracts
- Increased cost of capital
- Collapse of international commodity markets
- Higher insurance costs
- The introduction of Return and Earn (NSW Container Deposit Scheme).

Member Comment Summary

- Due to the wide and varied range of services offered to councils, any attempt to control pricing by IPART is likely to hamper good outcomes for councils.
- The practice by some councils to join together is making size of the project too large for small contractors. Consequently, competition is lessened by having fewer players.
- Some Councils have failed to follow the NSW EPA's recommended timelines and not allowed sufficient time in the tender preparation. This has limited the number of responses (it takes many weeks and costs tens of thousands of dollars to compile a tender. If there is inadequate time, contractors will not take the risk).
- Contract lengths generally reflect the life expectancy of the equipment. A 7 or a 10-year contract term is the preferred length of time for a collection contract.
- Councils who acquire equipment and then outsource the operation is not considered worthwhile. Given how infrequently councils review waste management contracts, they would not be close enough to new technology developments. It may also make it difficult to implement new technologies or productivity improvements.
- There are a great many things occurring that are impacting costs, that would make the DWM rise faster than rate pegs and inflation (see list at WCRA response above).

- There is changing of demographics across many Local Government Areas (and the ratio of single unit dwellings (**SUDS**) V multi-unit dwellings (**MUDS**). This will impact collection costs and most likely result in higher contamination rates in recycling.
- An important aspect of increasing cost has been the increase in the waste levy over the past 10 years. These funds are not returned to Council hence the impact is seen in the DWM charges.

Member comments

DWM charges should be controlled by the Councils themselves and not limited by IPART (2). This can be emphasised by the Discussion Paper only briefly touching on the China Sword/Recycling Crisis/Proposed Export Bans/MWOO ban by EPA and has not properly ascertained the link between this and the rising DWM charges. Although the Discussion Paper asks the question “what are the cost drivers”? It is both complex and varied across the industry and regions plus includes exterior regional factors including transport, insurance, labour, shipping, market demand, etc.

- By limiting Councils ability to be flexible in setting DWM charges, it will risk the Council’s sustainability and the Industry itself (particularly in the regions).
- Further, any poorly thought-out limits on Councils increasing DWM charges may further limit the number of contractors that are prepared to submit a tender.

There is not effective competition in the Industry with a significant contributing factor being the move to Joint Procurement by Councils and the rubber stamping of joint procurement by the ACCC. This is highlighted in the Discussion Paper by IPART (A.4) that market concentration is a barrier to entry, yet IPART do not make the correlation between large joint procurement exercises over excessive long terms and the ability of only a few contractors to undertake the services on this scale (i.e. excessively high cost of market entry as highlighted by IPART).

- This is exacerbated by Joint Procurement being undertaken for all services including collection and processing, which is a contributing factor to a high concentration of service provision (which is further contracting).
- The greater the smaller opportunities are, the better it is for all parties, including allowing Councils to retain independence over their services, rather than fewer large opportunities and reduced competition in the marketplace.
- Continued robust competition is the primary path to cost effective and innovated services by waste contractors.
- Reduced competition is becoming more prevalent in all levels of Government with an example being the recent Whole of Government approach by the NSW State Government which unfairly affects smaller and regional companies in favour of larger companies.

In terms of reflecting efficient costs and to promote competition in the sector, **the length of contracts/time between market testing should be a minimum of 7 years (collection)** with the consideration of an extension periods. This time period matches the expected life period of the assets and the ability for Councils to renew technology at reasonable timeframe and not be locked into a long-term agreement in the face of an ever-changing industry, marketplace and technology.

It is not efficient for Councils to buy the capital equipment, as Councils do not have the flexibility to update the infrastructure due to changes in the market and procurement guidelines. Having to go to tender or quotation in order to do simple to complex repairs leads to eventual downtime and run-down infrastructure.

- Additionally, the Council tendering processes often leads to the installation of sub-par or not appropriate equipment within the Council infrastructure as price is still the main determining factor in tender evaluation. IPART's intervention would promote this as Councils wanting to install specialised equipment that is significantly dearer are disadvantaged and are left with inferior infrastructure.
- Councils have the ability to control standards through the contract specifications set in the tender process for the Contractor to supply the equipment and / or infrastructure.

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?

- The NSW Government's section 88 Waste Levy has increased year on year. Local Council and Contractors have no control over this increase.
- For the record, the metropolitan area waste levy was \$70.30 per tonne on 1 July 2010 and on 1 July 2020 \$146 per tonne (an increase of 208% over 10 years).
- Also, over a 10-year period to 1 July 2020, the tip fee (which includes the metropolitan area waste levy) at the Lucas Heights landfill increased from \$145 / tonne to \$390 / tonne (an increase of 268%).
- The extended regional area waste levy was \$20.40 per tonne on 1 July 2010 and on 1 July 2020 \$84.10 per tonne (an increase of 412% over 10 years).
- Increased environmental compliance has led to increased disposal & recycling fees
- COVID-19 has resulted in higher domestic volumes and some areas are reporting higher levels of contamination in recycling bins (higher contamination levels will lead to increased costs)

Service type and service levels have changed with:

- Increased regulatory controls.
- Improved Health, Safety and Environmental processes/controls
- Increased education requirements to better manage contamination levels.
- Increased costs associated with improved source separation to improve recovery costs.
- Risk profile of contracts (Councils pass on more of the risk to contractors, with more risk leading to a higher DWM charge).
- Increased cost of capital
- Collapse of international commodity markets
- Higher insurance costs
- The introduction of CDS

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

- Increased housing densities is driving an increase in multi-unit dwellings (MUDs) and a decrease in single unit dwellings (SUDs). This can and has resulted in a more specialised service for MUDs where under building services are required as opposed to kerbside collections. Some MUDs also require a very labour-intensive pull-out and place back service.
- Geographical location of waste processing, transfer and disposal facilities has resulted in increased transport / collection costs.
- Increased technological requirements at waste processing facilities to meet regulatory, environmental and market requirements.
- Regulatory controls differing across jurisdictions.
- Demand for increased recovery of resources to minimise landfill costs results in greater source separation and therefore increased collection services.
- Variable risk profiles within Council contracts.

Waste or landfill levies are a key regulatory tool used to improve recycling and fund environmental liabilities from waste generation. They have a significant effect on both the commercial environment of nearly every waste and recycling business, and community behaviour. They also generate significant funds for each jurisdiction. Only a proportion (~15% to 20%) of the waste levies paid by ratepayers is returned to councils for waste management and recycling programs. Therefore, as much as 80% of the NSW waste levy is being used to fund other NSW Government priorities rather than reserving the revenue for waste management and recycling programs (which was what the waste levy was designed to do). Consideration must therefore be given to how and where the waste levy is invested in waste and recycling activities and assessment of the effectiveness of the investment in achieving waste and recycling strategies and targets. Guaranteeing a minimum percentage of levy (suggested 50%) be spent annually on activities to implement local government's waste avoidance and resource recovery strategies, resource recovery and remanufacturing industry development plans, market development initiatives and infrastructure plans will assist in delivering good value for ratepayers.

2.2 If more oversight is appropriate, there is a range of potential options.

Beyond regulating variations in DWM Charging, there are other options

- Less intrusive such as:
 - Pricing principles to be used as guidance for councils
 - Reporting, enabling comparisons
 - Further investigation and regulation for outlier councils
- IPART regulating price increases (max percentages)
- Other

Questions for stakeholders:

5. If IPART was to regulate or provide greater oversight of DWM charges, what approach is the most appropriate? Why?
6. Are there any other approaches that IPART should consider?

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?

WCRA comment & Member feedback

WCRA Comment:

Domestic Waste Management services are complex.

- Variables such as waste (recycling) collection type, bin size, collection frequency, seasonal adjustments, topography, density, bulky kerbside collection, pull-out, place back, bin ownership, education, contamination costs, diversion targets, etc. will all affect DWM charges.
- The variation in services offered and the manner in which they are delivered is consequently also considerably variable. Contractors seek to differentiate themselves and offer 'value-adding' services for this purpose. We therefore do not believe benchmarking can achieve reliable data points to assist IPART, Ratepayers or Councils.
- There is some support for a service provider accreditation, however we urge caution as these processes can be expensive for all involved and may create a divide in the industry and create a further barrier to entry.

WCRA comment (regional issues)

Regional and Rural Shire Councils face many challenges including lower rating databases, increased service costs per tenement (due to less dense collections) and higher costs of transport to landfill and/or recycling markets. Seasonal variations also add to the complexity, all of which makes the issue of benchmarking both difficult and meaningless.

Member comment :

A well-thought-out system of accreditation could possibly reduce workload for councils and streamline some tender processes. But it should be noted that the efforts of some service providers to 'value add' can make comparisons rather difficult.

WCRA Comment:

Are there any other approaches that IPART should consider?

- Throughout 2018 the EPA held a series of China Sword (Recycling) forums. At these forums, we were advised that there would be changes & improvements to the model waste and recycling collection contracts. To date, there has been no advice from EPA on any changes (it appears as though this matter is linked to the 20-year waste strategy). The major stakeholders in any domestic waste contract are the Council, all of the bidding Contractors and the winning Contractor. It would appear that EPA doesn't have the resources to deal with these model contracts. Consequently, our Members have formed

the view that WCRA and Local Government NSW (**LGNSW**) are better placed to manage the model waste and recycling collection documents. A possible joint partnership between LGNSW and WCRA to takeover these documents, where we agree on a set of improvements. Any improvements would need to be based on better outcomes (process, cost, competition, resource recovery, sustainability, WHS, etc.). We recommend that IPART look closely at this matter.

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?

Most service providers incorporate 'value added services' in their rates of service and therefore it would be most difficult to achieve a benchmark approach that would incorporate these additional hidden differences.

It would also be anti-competitive for a Service Provider to release their intellectual property.

2.3 IPART prefers a less prescriptive, more targeted approach if regulation is required

IPART feels the costs of setting maximum percentage variations would likely outweigh the benefits. For example, the need for the Office of Local Government (OLG) to audit each Council over its DWM charges. This option does not seem preferred by IPART. It also notes councils are democratically elected and so there are some factors at play that keep pressure on councils to provide this service effectively and efficiently.

2.4 If regulation is Required, IPART proposes a reporting regime and pricing principles

If regulation is required, IPART proposes a reporting regime and pricing principles

If regulation is required, IPART proposes to develop, in consultation with stakeholders, a reporting, monitoring and benchmarking regime and pricing principles for setting DWM charges to:

- Improve transparency and council accountability in the setting of DWM charges
- Inform future regulatory decisions on DWM charges.

Questions:

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

WCRA comment

WCRA agrees with IPART that an auditing regime may add costs that are greater than any benefits. Further, benchmarking may create an artificial barrier to entry.

Councils, when assessing tenders, do thorough reference checking and examine the past experience of the tenderer. It is also acknowledged that the networking local government employees undertake assists them in gaining an understanding of the strengths and weaknesses of tenderers.

An important point to note however, is that a waste management tender is typically only done every 7 to 10 years. Consequently, not all waste managers and LG Procurement teams are well experienced in running a waste management tender. We believe there is a role for the Office of Local Government (OLG) to assist in this space.

WCRA recommends that IPART investigate a system where the OLG has a dedicated, experienced officer to assist Councils at tender time. This would ensure consistency of contractual obligations and ensure councils get appropriate support during this “one in ten year” event.

3. SECTION

Finally, IPART is seeking feedback on its proposed principles for setting DWM charges.

IPART’s preliminary view is that the proposed pricing principles outlined should be applied to DWM charges set by local councils. They are not proposing to audit councils’ compliance with these principles. These are to be used by councils as guidelines.

Box 3.1 IPART’s proposed key pricing principles for DWM charges set by councils

1. **DWM charges should reflect a ‘user pays’ approach**
 - ▼ DWM charges should recover the costs of providing DWM services, not the councils’ other functions and services
 - ▼ Incremental cost allocation should be applied
 - ▼ Social programs should be funded from general rates revenue
2. **Only reasonable cost categories should be reflected in DWM charges**
3. **DWM charges should reflect efficient costs**
4. **DWM charges should be transparent**
 - ▼ To assist local councils
 - ▼ To assist customers
5. **DWM charges should seek to ensure price stability**

To give effect to these pricing principles, local councils need to be able to answer the following questions:

- Which costs should be recovered?
- How should DWM charges be structured?
- Are cost recovery charges based on efficient costs?

3.1 DWM charges should reflect a ‘user pays’ approach

Simply stated, customers should pay the full reasonable costs of the DWM services they receive, and that councils only recover these costs via the DWM, and that customers face appropriate price signals, which means they are more likely to efficiently use DWM services.

The following example was provided. This is dealing with over allocating DWM charges and ensuring that an apples-for-apples comparison is made when considering outsourcing the service.

Box 3.2 Incremental cost approach and testing the market

A significant number of local councils provide in-house DWM services. The NSW Audit Office noted in its performance audit of Campbelltown and Fairfield councils that Fairfield council provided in-house DWM services, its charges were 7% above the NSW metropolitan average and it had not tested the market by way of open tender.^a

If a council is comparing the cost of contracting out DWM services to providing these services itself, it needs to ensure that it considers the council's incremental cost of providing DWM services as opposed to the average cost. This is because it is only the incremental costs that disappear if the council contracts out. If a council contracts out based on a competitive tender that is lower than the council's average cost of providing the service but not lower than its incremental cost, then the total cost of all council functions would increase and ratepayers' total bills would rise, not fall.

Example: Assume a council had 1,000 employees: 800 in general functions, 200 solely in DWM services, and 40 in HR and IT. The combined cost of HR and IT is \$4,000,000. An average cost approach would see \$800,000 ($\$4,000,000 \times (200/1000)$) of overhead costs allocated to DWM services.

However, there is generally always a fixed component of overhead expenses in any organisation. In the event that DWM services were outsourced, it is unlikely that the HR or IT managers' salaries would be cut by 20% and a number of other positions would still be necessary whether DWM services are carried out in-house or not. It might be that only 4 FTE positions can be reduced from HR and IT if DWM services were contracted out. In this case, the incremental cost approach would yield a value of \$400,000 of overheads allocated to DWM services.

^a Audit Office of NSW, Domestic waste management in Campbelltown City Council and Fairfield City Council, 5 June 2019, pp 16.

3.2 Only Reasonable cost categories should be reflected in DWM charges

This section outlines what IPART considers appropriate costs to include in the DWM

3.3 DWM charges should reflect efficient costs.

The paper talks of benchmarking to ensure costs are efficient. It is acknowledged that a competitive tender process does this. They do raise the issue of length of contract and barriers to entry.

3.4 DWM charges should be transparent

IPART believe DWM charges should be simple and transparent.

Interestingly, the paper quotes the Local Government (General) Regulation 2005 and states councils are obligated to name the successful contractor and the contract amount. I am not sure this occurs now, with most Councils deciding tenders in closed sessions and tendered amounts redacted.

IPART proposes the DWM be "ideally separated" by stream and service, to allow easily comparison with other councils by ratepayers, and to better understand how their money is being spent.

3.5 DWM charges should seek to ensure price stability

The paper supports the use of reserves to flatten the variations to ratepayers, year on year, from one-off or large expenses.

Questions for stakeholders

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

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

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?

WCRA comments:-

There is an irony in that the majority of the NSW Government's Waste Levy can be lost to consolidated revenue and not returned to either local government or the industry, however there is a focus to ensure the DWM charged by councils is only used for waste management services.

Councils can and do join together to generate critical mass that unlocks savings from economies of scale. This also assists in sharing risk and underpins long term waste management infrastructure investment by industry. It is important however that these joint procurement processes are structured long term. Future waste management infrastructure solutions can only be delivered with a coherent and coordinated approach jointly between all levels of Government and Industry partners.

There are concerns over confidentiality with the use of a centralised register. Due to the inability to make "like-for-like" comparisons, the information would be misleading.

Member Comments

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

- The ability for a group of Councils to undertake a joint procurement process, (upon approval from the ACCC), enables economies of scale and efficiency of service.
- Any future development and investment in waste management infrastructure for Local Government is contingent on a number of factors, including security of waste supply.
- Partnerships therefore need to extend to and incorporate a long term agreement to secure Local Government waste management services, under contract, to provide volumes for any proposed major infrastructure.
- Furthermore, this partnership would need to extend to a negotiated position contractually that reflects a fair allocation of risk to ensure future uncertainties are accounted for, particularly any changes in NSW, Australian and International legislation, regulation and commodity market dynamics.
- Future waste management infrastructure solutions can only be delivered with a coherent and co-ordinated approach jointly between all levels of Government and Industry partners.

We do not support a publicly available centralised register of successful tender contract values for services across Councils.

- This information is commercial in confidence and is especially pertinent to remain in confidence in the highly competitive waste services market that currently lacks sufficient competition across the sector. The values would not be able to express any innovation, variation in services, community expectations or other inclusions in the successful tender and therefore the perception of the register would be skewed, misleading and therefore irrelevant.

Strategically plan for waste and resource recovery infrastructure.

- The recent regulatory uncertainty around MWOO output has undermined confidence in organics processing pathways and outputs, as well as resource recovery of other waste products.
- There is a need for the NSW Government to provide Councils and the waste and resource recovery sector with clear policy directions underpinned by consistent regulatory certainty if the waste and resource recovery system is to improve.

The Discussion Paper notes that “Councils are required to set DWM charges that do not exceed the reasonable cost of providing DWM services and revenue collected through DWM charges may only be used for DWM purposes (see sections 504(3) and 409(3)(a), Local Government Act). The NSW Office of Local Government’s Council Rating and Revenue Raising Manual requires that revenue from the DWM charge must be kept separate from general rating income, and only used for expenditure related to DWM ...”

- It seems inappropriate that the NSW Government’s Waste Levy is allocated to consolidated revenue, however here we are discussing a DWM charge that must be kept separate from general rating income.

APPENDICES

- A. Overview of DWM in NSW
 - 1) The role of local councils
 - 2) Comparative DWM charges of 126 councils
 - 3) Costs
 - 4) Barriers to entry
 - 5) Procurement
- B. Results of 2019 -20LGCI survey
 - 1) Response rate
 - 2) Number of and average DWM charges
 - 3) Outsourcing
 - 4) Cost allocation
 - 5) Reported surplus/deicits and use of reserves
 - 6) DWM Operational Costs