

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.	IPART Discussion Paper Response - Domestic Waste Management Charges.docx
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	Damien

Last Name	Jenkins
Organisation Name	Wingecarribee Shire Council
Position	Acting Chief Financial Officer
Email	[REDACTED]
IPART's Submission Policy	I have read & accept IPART's Submission Policy

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?

Wingecarribee Shire Council uses a reasonable cost approach when setting domestic waste management charges. Council does not automatically increase the domestic waste management charge on a yearly basis unless there is a substantiated need to do so. The increase in domestic waste management charges at Council over the past 5 years is tabled below:

Charge	2016/17	2017/18	2018/19	2019/20	2020/21	Total
DWM	0.00%	2.50%	0.00%	0.00%	2.60%	5.10%
Rate peg	1.80%	1.50%	2.30%	2.70%	2.60%	10.90%

At a local level, Council has been able to take advantage of favourable contract arrangements for the collection and haulage of domestic waste to contain increase in domestic waste management charges. These contractual conditions are not however anticipated to continue into the medium – long term and Council will need to amend its pricing structure accordingly.

On a broader level, the most significant concerns for Council are:

- the lack of clear direction from the NSW Government with respect to their waste strategy and how this may impact future waste management disposal contracts,
- the amount of the waste levy charged to Council and the inconsistency in how the waste levy is applied across Councils. Under the NSW State Waste Levy, Wingecarribee Shire Council is considered a metropolitan Council. This results in Council currently paying a waste levy of \$146 per tonne, as opposed to the regional levy of \$84.10 per tonne. This State Government impost obviously adversely impacts Council's DWM charges in comparison with other "regional" councils.

These factors are clearly outside the control of Council and will continue to contribute to the domestic waste charges set by Council.

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

Service levels vary across councils due to community expectations, service preferences and the diversity of housing stock. We cannot comment on the expectations or preferences across different councils, however at a local level our community continues to expect a range of services which reflect the individual needs of small-medium sized dwellings to larger, rural style properties.

Wingecarribee Shire Council provides several service options which are tabled below:

Service	Bin size	Collection frequency
Household	80 litres	Weekly
Household	80 litres	Fortnightly
Household	140 litres	Weekly
Household	240 litres	Weekly
Mixed waste	240 litres	Monthly
Mixed waste	1.1 cubic metre	Weekly
Co-mingled recycling	240 litres	
Co-mingled recycling	360 litres	

Garden organics	240 litres
Paper cardboard recycling	240 litres
Paper cardboard recycling	1.1 cubic metres

Each service has a different charge with the charge increasing as the size of the bin increases. Council also provides a user pay kerbside clean-up service, with limitations based on cubic metres. This service is capped at 2 per year per household.

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

Council is of the view that there is adequate competition for both the collection and disposal of waste domestic waste management. Council is currently participating in a regional tender (Project 24) for its waste disposal contract with four other councils, which will be conducted through an open and competitive tender process. However, clear policy and direction from the EPA on recycling and reuse of waste materials is urgently needed to provide clarity and stability for the sector. Adhoc policy changes from the EPA has been detrimental to investment by the private sector in technology to improve diversion and reuse of waste.

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

Yes. Council has appropriate financial reporting and disclosure controls established so that Domestic waste management charges are calculated so as not to exceed the reasonable cost to Council of providing these services in accordance with Section 504(3) of the *Local Government Act 1993*.

Costs include operating and capital costs that can be reliably charged to the service for that reporting period. Any surpluses/deficits at the end of each financial year are managed within a specific internal reserve and disclosed as part of Council's annual financial reports.

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

Council complies with the *Local Government Act 1993* regarding the setting of Domestic Waste Management charges, so we do not believe that IPART would add any significant value in being a regulator or an overseer.

However, providing principles or guidelines to Councils on pricing principles for setting charges would be beneficial. This would assist in formulating the indirect costs and set a consistent approach across the sector. Overly restrictive guidelines will however disadvantage Council's with unique factors such as Wingecarribee Shire Council paying a Metropolitan waste levy even though we are a "Regional Council" would be unlikely to be considered in prescriptive guidelines, and this would likely seriously impact council's ability to set DWM charges at appropriate levels.

The Office of Local Government last reviewed the Rating and Revenue Manual, which provides guidance to councils on setting domestic waste charges, in January 2007.

6. Are there any approaches that IPART should consider?

Council strongly suggests that the Office of Local Government reintroduce the reasonable cost calculation of the DWM service and for this process to be externally audited by the Audit Office of NSW.

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?

Given that each Council is unique and should be permitted to operate in a way that best serves its community, benchmarking is not considered appropriate. Wingecarribee Shire Council has a large geographical footprint and domestic waste collection area which results in high transportation costs to a licenced landfill site outside the shire. Drawing a comparison against a smaller regional or metropolitan council is of little consequence. Wingecarribee Shire Council does not have an active landfill site in its LGA.

Council continues to highlight serious concern regarding how the waste levy from the NSW Government is applied across the State. Wingecarribee Shire Council is charged at the metropolitan rate, which is inconsistent with its neighbouring councils.

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?

The pricing principles proposed is essentially what is in practice now. They reflect the reasonable cost recovery approach in accordance with the *Local Government Act 1993* to ensure that Domestic Waste Management charges do not exceed the reasonable cost to provide the service.

Guidelines on pricing principles for setting DWM charges would be beneficial. This would formalise a consistent approach for the sector and assist in formulating the attributable indirect costs (e.g., information technology, human resources, revenue collection etc).

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

The reporting requirements required by Councils are already onerous and resource intensive. Adding additional reporting requirements through the Office of Local Government is not considered appropriate. Council steadfastly believes that the reasonable cost calculation can be audited independently by the Audit Office of NSW and is adequate for compliance.

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?

Council does not see any value in a central pricing database. Prices will vary amongst councils depending on their business model, geographical location and the application of the NSW State Government Waste Levy.

Service levels vary across Councils, in particular, bin sizes and collection frequency which would make any comparison negligible. All Domestic Waste Charges are published on Council's websites included in their fees & charges schedule.

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

The proposed pricing principles are sound. However, Council is firmly of the view that Domestic Waste Management is a core responsibility of councils.

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

No.

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

A centralised database containing contract information is of limited benefit to Council in obtaining future contracts with cost effectiveness. The limited benefit of such a database would be as a result of the factors already outlined in Council's submission, such as the geographical location, the size and service variability of each Council and access to landfill and/or other alternative waste treatment facilities.