



# Variation of domestic waste management annual charges for NSW councils for the 2025-26 financial year

1 October 2024

In 2010 the (then) Minister for Local Government delegated to IPART the function of determining the maximum percentage by which councils can vary domestic waste management (DWM) annual charges. Since then, IPART has decided each year it would not limit the variation of these charges.

## 1 IPART's decision

IPART decides each year whether to set a maximum percentage by which NSW local councils can increase their domestic waste management (DWM) annual charges ('waste peg'). We have decided there should be no limits on the amount by which councils can vary their DWM annual charges for the 2025-26 financial year.

### Decision

1. That no limit is to apply to the percentage by which councils may vary their domestic waste management annual charges for the 2025-26 financial year.

In making this decision, we analysed the most recent data available on councils' DWM annual charges and considered the Office of Local Government's (OLG's) regulatory role and its commitment to its proposed approach to regulating DWM annual charges.

In 2022, OLG recommended a new approach to regulating DWM annual charges whereby it would provide further guidance to councils and undertake targeted investigation of councils that may be imposing unjustifiably high DWM charges on their communities.

Our decisions on whether to limit DWM annual charges is based on our review of councils' DWM annual charges and the Office of Local Government's regulatory approach for DWM annual charges. We continue to support the OLG to develop and implement its approach.

## 2 Domestic Waste Management

### 2.1 DWM charges must not exceed the reasonable cost of providing DWM services

Under section 504(3) of the *Local Government Act 1993*, councils must set DWM annual charges such that the income obtained from charges for DWM services does not exceed the reasonable cost to the council of providing those services. This obligation applies regardless of IPART's decision.

### 2.2 Councils provide a number of different DWM services

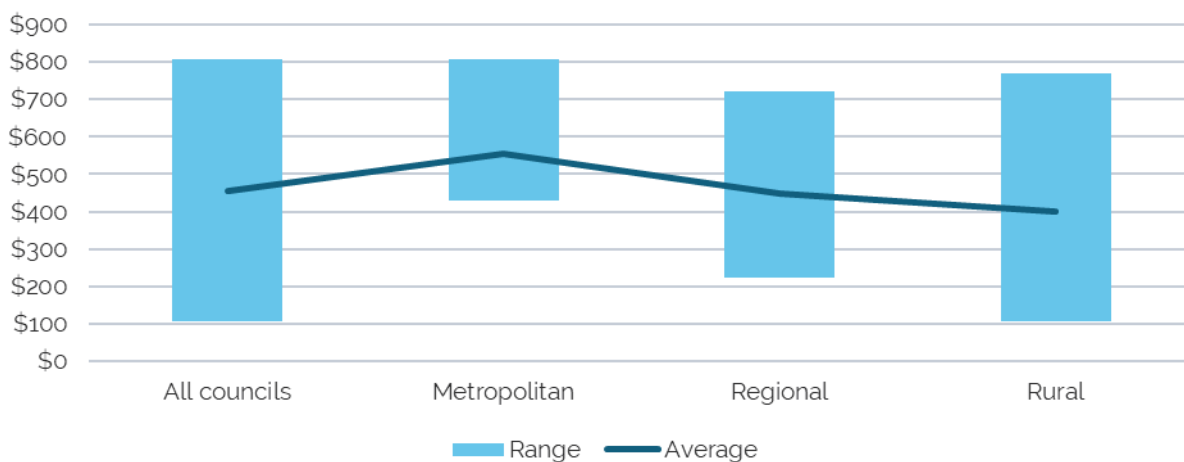
DWM is a key responsibility for councils, with social, public health, environmental and economic significance. Councils provide a range of DWM services to their residents, such as kerbside collection for landfill, recycling, food and garden organics (FOGO), drop-off facilities and periodic clean-up services.

The latest OLG data indicates all councils provided general waste services (residual waste), though not to all residents. However, there are a number of councils that do not provide a recycling collection service. Many of these councils provide drop-off services which allow residents to drop off materials for recycling and disposal.

### 2.3 Average DWM annual charges vary across councils

Figure 2.1 shows the significant variability in average DWM annual charges among councils for the 2022-23 year. This variation can be attributed to the different characteristics of each council, including the frequency and types of waste services provided, the proportion of ratepayers receiving these services, and other unique local factors such as proximity to waste facilities and housing density. The variation within metropolitan councils is much smaller than for regional or rural councils. Additionally, some councils provide their own in-house services while others contract out waste services.

Figure 2.1 Average DWM annual charges among council groups for 2022-23



Source: OLG timeseries data, 2022-23, IPART calculations

## 2.4 Food organics and garden organics (FOGO)

The NSW-wide roll-out of Food Organics and Garden Organics (FOGO) services may impact the costs associated with domestic waste collection. We recognise the need to support councils and communities in meeting the NSW Government's [Waste and Sustainable Materials Strategy 2041](#) targets, such as for councils to provide FOGO collection services to all NSW households by 2030. Setting a cap on increases at this pivotal time may impede the transition.