

Reference: 22/13878

29 April 2022

Sheridan Rapmund
IPART

Electronic Submission

Dear Sheridan,

Subject: Federation Council Feedback on the IPART Draft Report – Review of Domestic Waste Management Charges

Thank you for the opportunity to provide feedback to IPART in response to the draft decisions as part of the IPART Draft Report on the Review of Domestic Waste Management (DWM) charges.

Federation Council strongly does not support a benchmark waste peg. Please find below some brief responses to the draft decisions as requested and further information in support of Councils position on this matter.

Response to draft decisions

1. Do you think our proposed annual “benchmark” waste peg will assist Councils in setting their DWM charges?

No, on the contrary. Council does not believe that the proposed benchmark waste peg will assist any Council.

Despite many commonalities in regards to waste management, Councils also have vastly different individual characteristics including demographics, due to vast differences even with the Joint Organisation that Council is in, Riverina and Murray (Ramjo). All these differences have vast impacts on the costs for each Council, even in joint/shared arrangements, to deliver these services.

If the general rate peg process is any indication, it will spell disaster (financially and environmentally – waste facilities not being managed suitably), for Councils and the environment. With the mandated new kerbside services such as Food Organics Garden Organics (FOGO) by 2030 and other possible changes coming, will likely significantly impact the cost of service provision, and most are out of Councils control.

The benchmark proposed is unreasonable for 2022/23, and is not reflective of the true cost for Councils. This rate will not even cover increases in CPI and contractor charges.

Federation Council is working extremely hard on improving all aspects of waste management, and is in the final stages of adopting a comprehensive waste management strategy. This has highlighted the very real issues facing Council over the short, medium and longer term. These include a lack of environmental management plans (hence unknown future costs) for landfill sites, an extremely outdated site at Corowa that requires a new site and major closure and rehabilitation works, new collection contracts, improved recovery facilities, to name a few issues.

Council would be happy to forward a concise summary of these costs/challenges once the strategy is adopted to further justify its opposition to any pegging of waste increases.

More and more the community are becoming educated in environmental sustainability including waste management, and are rightfully demanding Councils improve their performance. To then be hit with a limit on

increases, actually goes against what Council and the community will want and expect. Most ratepayers are ok to pay more for services, if they see where the improvements are being achieved. Council undertakes all waste management charges changes, in consultation with the community as part of its annual budget process. The community is aware and accepts this process.

2. Do you think the pricing principles will assist Councils to set DWM charges to achieve best value for ratepayers?

Yes, a set of consistent guiding principles would be of great assistance for staff and community. This would include what is and isn't included within the charge, however Council does not support that only incremental costs can be attributed to the DWM charge. It may be useful to include the different challenges remote and rural Councils face, with economies of scale issues, large distances etc.

3. Would it be helpful to councils if further detailed examples were developed to include in the Office of Local Government's Council Rating and Revenue Raising Manual to assist in implementing the pricing principles?

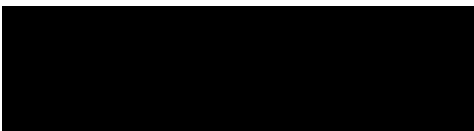
Yes, only if this process was developed in strong consultation/partnership with the Local Government sector, including Waste Management staff from Councils. This would assist to support the interpretation of the guiding principles.

Other points -

- IPART would not effectively and fairly be able to regulate the charges, given the market is regularly changing to reflect commercial and environmental factors and Government policy. Councils, mostly in groups, are best placed to manage the charges for this active industry.
- It is obvious that DWM charges are increasing faster than rate peg. This is a reflection of the industry and the general undercharging of Councils for years, to try and be less costly to the community, there is a backlog, and ever increased (rightfully) expectations of communities with regard to more sustainable and responsible waste services.
- In the situation of Federation Council and those in the joint collection contracts, there is effective competition within the market and DWM services can be outsourced. The decision to outsource or provide the service in-house should still remain solely with the local Council however.
- Councils also best determine the allocation of overheads, and this should remain the responsibility of the respective Councils. This is already an auditable, transparent transaction and is only levied against DWM charges where applicable. The increasing focus on Councils from now being under the watch of the Auditor General, and increasing capacity of Councils Internal Risk and Audit Committees, are all welcomed and continue to support to ensure Councils manage these processes legally and transparently and responsibly.

Please do not hesitate to contact the undersigned should you require any additional information to support this submission.

Yours sincerely



Adrian Butler
General Manager