

Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
SYDNEY NSW 1240

Dear Sir/Madam

Re: Project 24 Response to the Review of Domestic Waste Management Service Charges

The Project 24 partner Councils (Camden, Campbelltown, Liverpool, Wollondilly and Wingecarribee) are pleased to provide comment on IPART's Discussion Paper of the review of Domestic Waste Management Charges

Q1. Do you think our proposed annual 'benchmark' waste peg will assist councils in setting their DWM charges?

The Councils (Camden Council, Campbelltown Council, Wingecarribee Shire Council and Wollondilly Shire Council) generally support the idea of the implementation of an annual benchmark as a guide and reference point for comparison. However, the Councils also call for clearer guidance and definitions related to Domestic Waste Management (DWM) charges within the *Local Government Act 1993* and Office of Local Government's *Council Rating and Revenue Manual* prior to the implementation of a benchmark.

Over the last five years, the state average annual increase in DWM charges was 4.5%, the average annual Consumer Price Index (CPI) increase over this same period was 1.9%. Based on this, the Councils believe that the proposed 1.1% benchmark is too low.

A large proportion of council domestic waste service cost drivers are outside of council's control such as award-based salary increases, seasonal fluctuations, fuel prices, CPI and competition within the market. Based on this, we believe that at a minimum the benchmark should keep pace with CPI with additional provisions for growth.

The Councils' long-term financial plans address projected increases across the key cost drivers, CPI increases and growth in the region. The current benchmark calculation uses historical data rather than forward projections to reflect future needs. This would impact the Councils' ability to recover actual costs in relation to service provision.

Further to the above, the NSW Department of Planning, Industry and Environment's *Waste and Sustainable Materials Strategy (WaSM)* requires the diversion of all organic waste from landfill by 2030, the Councils have conducted a feasibility study which identified a 14% increase in costs associated with the transition from a Garden Organics only collection service to a Food and Garden Organics collection service. It can be assumed that all Sydney metropolitan councils will experience a similar increase in costs.

Setting the benchmark at 1.1% will result in most councils simply being unable to align with the benchmark long term. This will also result in a large number of councils being identified as an 'outlier' in the proposed Independent Pricing and Regulatory Tribunal (IPART) annual report. It is unclear what actions will be taken once a council has been identified as an outlier in IPART's annual report – this places councils in a great deal of uncertainty and we believe will only lead to councils reducing the quality and quantity of services provided. This will further limit the delivery of the NSW Government's WaSM. With the above in mind, the

Councils request that the IPART review the way the benchmark is calculated and as a minimum, ensure it keeps pace with CPI as a recognised cost index.

Additionally, the Councils would like to propose an alternative two (2) part process similar to the current rate peg (as recently developed by the IPART) process:

Part 1 - Base increase (in line with CPI)

Part 2 – Population/growth factor

This would allow for councils in high growth areas to respond to the additional costs associated with managing growth.

Q2. Do you think the pricing principles will assist councils to set DWM charges to achieve best value for ratepayers?

Yes, the Councils support the intention behind the pricing principles proposed by the IPART.

The Councils suggest updating pricing Principle One to the following:

‘DWM revenue should equal the efficient incremental cost of collecting all waste generated by domestic properties’

This modification will provide councils with clarity and ensure that a broad range of essential domestic waste services and functions are able to be funded via DWM revenue. It would also support councils in their efforts to deliver the NSW Government’s WaSM. The Strategy sets increased diversion targets for waste management and calls for the industry, and councils, to transition towards a circular economy. This will require innovation and investment in technology and a broader range of services to achieve.

Improved definitions and guidance would provide clarity on what activities should be included within the DWM charge but should also include a broader range of activities and services. This would allow essential services such as illegal dumping collection and hazardous waste collection and disposal activities in the form of Community Recycling Centres and collection events, to be funded via DWM revenue, further meeting the NSW Government’s WaSM.

Additionally, with regards to Principle Two, the Councils would like to note that a mechanism for publishing the costs and details of the services provided already exists in the form of fees and charges. This should be considered in any requirements for publishing this information.

Q3. 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, they assist in providing clearer guidance in relation to the calculation of costs.

Detailed examples would ensure all stakeholders have consistent definitions of reasonable costs.

As mentioned above, the Councils would support the updating of definitions (such as ‘domestic waste management service’) within the *Local Government Act 1993* and in the associated Council Rating and Revenue Raising Manual.

Should you wish to discuss this response, or have any questions, please contact Corey McArdle via the details provided in the submission form.

Your sincerely
Corey McArdle
Manager, Waste and City Presentation, Camden Council

