

# 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?	<p>Council has a ring fenced Domestic Waste Services Budget that accounts for all services and resources used to provide all the Domestic Waste Services to its community.</p> <p>The current base level service considering of a 120 litre waste bin weekly, paper and mixed food and beverage containers recycling bin fortnightly, a 360 litre green waste bin fortnightly and a bulky clean-up waste collection up to 12 times a year, bin maintenance and collection and disposal at \$450 per year which equates to \$8.60 per week. By any measure, this is considered a value for money service.</p> <p>The service is a core function of Local Government for both environmental and public health reasons and is the single most used service provided by Local Government week in week out. Ku-ring-gai has routinely surveyed residents for these services and there has been a consistent response from the community that these services are considered 'high importance and high satisfaction.</p> <p>The DWM service of Council is accounted for as a separate and distinct activity of Council with its current funding externally restricted in nature. This activity includes its own costs and revenues and reflects an operating surplus.</p>

In assessing the current and future performance of this activity, Council uses a detailed DWM financial model which includes detailed analyses of the costs of providing the service, such as:

- the expected level of service and service components;
- detailed recurrent and operational costs (direct and indirect costs (overheads) associated with providing the service);
- review of reserve balances (surplus/deficit levels);
- longer term capital costs and depreciation of assets in use,
- waste related capital projects
- allowance for future provisions to cover any unplanned events and abnormally large cost changes.
- revenue offsets - the current model allows for other one off revenue incurred to be offset against the cost of service delivery, such as sale of recyclable material if incurred.

Council ensures that the total cost of providing the service is met by Council's set annual charge and the charge is reasonable for the service provided.

Council's DWM charges are reviewed on an annual year basis in conjunction with the revenue policy and as part of the Annual Budget and Long Term Financial Plan review. The fees are set in accordance with the provisions of the LG Act sections (Sections 496 & 504 of the LG Act, 1993) related to DW charges.

The DWM charges are published yearly in the Delivery Program & Operational Plan. Consultation with community is encouraged through public notification of the fees for DW services.

The financial model that Council currently uses is detailed and transparent and can be accessed easily at internal or external auditors' request.

There are no concerns with the DW price Councils charge providing:

- the fee can be justified using a detailed, comprehensive financial model;

	<ul style="list-style-type: none"> <li>• methodology of DW charge calculation developed to support the financial modelling;</li> <li>• accurate accounting records on the DW activity are kept;</li> <li>• model is easily accessible by external parties for audit or enquiries</li> </ul>
<p>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?</p>	<p>Given the value for money services that are and have always been provided, Council does not consider that there are any concerns with the current management of these services including its charges to the community.</p>
<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>It is noted in the discussion paper that IPART recognise numerous issues that impact services for each LGA. The Ku-ring-gai LGA has significant vegetation from trees and other vegetation and this has led to Council providing a larger 360 litre bin for residents than the normal 240 litre bin provided by most Councils.</p> <p>The social economic profile could be described as affluent and thus consumer purchases patterns result in a higher proportion for paper and glass in the recyclables collected from domestic premises, which has led to Council providing separate paper and mixed recycling bins.</p> <p>Councils across NSW report to the EPA the quantities of waste disposal and recovery as well as the annual charges for these services. Council also publicly exhibits its annual charges as part of its annual preparation of its budgets.</p> <p>Council believes that there is no equitable illustration of the Domestic Waste Charges due to the difference in services across all Councils.</p>

<p>4. Do you have any other comments on councils' domestic waste management charges?</p>	<p>As indicated, the base services for its annual Domestic Waste Charge for all services nominated is \$ 450 per year or \$8.60 per week. It is considered that this charge represent value for money when compared to private waste collection and home maintenance services.</p> <p>Council currently has a detailed financial model in place that calculates total overheads for the service. This includes corporate overheads, such as customer relations, management support, Finance services (revenue accounting, accounts payable), procurement, regulatory &amp; operation services, records management, IT support, human resources, building rental. Currently Council allocates 11% in overhead costs on DW service unit. These costs are reasonable considering the total DWM operational budget of approximately \$20m per annum. Council notes IPART "Domestic Waste Management Charges" Paper refers to 65% for metropolitan councils, which appears to be significant.</p> <p>IPART have expressed a preference for corporate overheads to be allocated to the DWM service on an incremental basis rather than as a proportional share. This is not appropriate as it would artificially reduce the cost of the DWM service in comparison to other services.</p> <p>To increase transparency Council recommends that DWM service unit be included as a separate Business Unit as part of the Financial Statements and the % of overheads reported to allow comparability between Councils.</p> <p>IPART have also suggested that the pensioner rebate for the DWM charge should be funded from general revenue rather than DWM revenue. This is not appropriate as the cost of the DWM pensioner rebate should remain tied to the cost of the DWM service. If Council was not providing the DWM service it would not have to fund the DWM pensioner rebate, demonstrating the direct nexus between the two.</p>
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5. Which Council do your comments relate to?	Ku-ring-gai Council
Your submission for this review:	as above
If you have attachments you would like to include with your submission, please attach them below.	
<b>Your Details</b>	
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	Colin
Last Name	Wright
Organisation Name	Ku-ring-gai Council
Position	Manager Waste and Cleaning
Email	
IPART's Submission Policy	I have read & accept IPART's Submission Policy