

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 DWMC Discussion Paper Lithgow Council 16 October 2020.pdf
Your Details	
Are you an individual or organisation?	Organisation
If you would like your submission or your name to remain confidential please indicate below.	Anonymous - my submission can be published but my name should remain anonymous
First Name	

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Organisation Name	
Position	
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IPART's Submission Policy	I have read & accept IPART's Submission Policy

16th October 2020

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

Local Council Domestic Waste Management Charge Discussion Paper submission

Thank you for the opportunity to provide comment on the Independent Pricing and Regulatory Tribunal (IPART) *Local Council Domestic Waste Management Charge Discussion Paper August 2020*.

Lithgow City Council is part of both NetWaste and WSROC and has provided input to submissions from these organisations. Lithgow Council submits further comments for key issues relevant to our region.

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?

There are cost drivers that lead to greater than inflation costs. These include increased regulation cost for operating sites and rehabilitation, increased community expectations for resource recovery and external pressures such as China Sword and the COAG Export Ban.

A rate peg would seriously limit the ability of councils to drive resource recovery in line with community expectations. Councils are already required to set charges that do not exceed the reasonable cost of providing DWM services. Under the current system, Councils are answerable to their communities rather than the State government for its DWM pricing.

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

A great deal. The current system allows councils to provide services reflective of community expectations and willingness to pay.

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

There is currently effective competition in the market for most waste services. Establishment of waste services contracts typically require a tender process where multiple organisations are bidding for the work. Lithgow Council works with NetWaste to establish regional contracts that deliver value for local residents.

Barriers to effective procurement are mainly from external sources such as China Sword and COAG Export Ban. These external forces has led to increased costs and reduced the number of players in the market for processing of recyclables.

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

There is potential for overhead costs from general rates being applied to DWM services. Developing a set of pricing principles and auditing would help minimise this occurrence

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

Developing a set of pricing principles would assist councils set a DWM charge.

6 Are there any other approaches that IPART should consider?

Auditing of overhead expenses applied to DWM charge would ensure councils are correctly developing their waste charges.

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?

This would be difficult and IPART is unlikely to have the necessary expertise to determine if the DWM charge is proportional to the level of service offered. Comparing councils will likely drive community angst without delivering any benefit. For example, a council that has a higher DWM charge due to a higher level of service will be a target of criticism and this would lead to a reluctance to offer improved services.

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?

There is no merit in benchmarking as this could never adequately recognise the unique circumstances of individual areas, nor the community appetite for resource recovery. There is merit in setting pricing principles for DWM charges as this will assist councils in applying the reasonable cost of providing DWM services.

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

No. Audits would be preferable.

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?

Whilst transparency of information has merit, there are risks with interpretation due to the influence of underlying individual circumstances in each area on the domestic waste charge. Therefore, it will always be difficult to make an "apples v apples" comparison and this will create an unfair public perception of individual council's performance.

A user pays system is less effective in rural areas where illegal dumping is an issue – this needs careful consideration.

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

Generally agree.

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 (eg, name of tenderer, service provided and contract amount) assist councils in procuring efficient services? If not, why not?

Commercial sensitivities are an issue. Joint procurement is a more effective option which councils already pursue.

If you require any further information please contact Council on [REDACTED] or email [REDACTED]

Yours sincerely

[REDACTED]
[REDACTED]
[REDACTED]