

# Submission

## Independent Pricing and Regulatory Tribunal Review of Domestic Waste Management Charge - Draft Report –December 2021

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Prepared by Northern Sydney Regional Organisation of Councils

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## INTRODUCTION

Northern Sydney Regional Organisation of Councils (NSROC) appreciates the opportunity to make a submission to the Independent Pricing and Regulatory Tribunal's Draft Report on the *Review of the Domestic Waste Management Charge –December 2021*. This submission has been prepared with the input and support of our member councils, but should be considered as a draft until it is formally endorsed by the NSROC Board.

NSROC is a voluntary association of eight local government authorities in Sydney. The councils service an area extending from the Hawkesbury River in the north to Sydney Harbour in the south and then west to Meadowbank on the Parramatta River.

As local government authorities, our member councils have delivered waste services to our communities for many years and understand the complexity, challenges and opportunities of the sector. The diverse services and initiatives delivered to support appropriate waste management and resource recovery are targeted to the needs and expectations of the diverse communities within our region.

This submission represents the collective view of our member councils, while noting, individual councils may also make independent submissions. The format of this submission provides:

1. Overarching feedback opposing both option 1 the waste peg and option 2 the rebalancing and benchmarking approach proposed in the 2020 discussion paper, with option 2 viewed as the least worst option put forward.
2. Recommend the opportunity to reengage with IPART on a suite of solutions that can reduce DWMCs and increase transparency for ratepayers
3. Detailed comments on the draft decisions and
4. Detailed comments on IPART's proposed pricing principles.

## OVERARCHING FEEDBACK

NSROC does not support IPART's proposed state wide benchmark waste peg, hereafter referred to as the 'waste peg' and the rebalancing and benchmarking approach put forward in the *Local Council Domestic Waste Management Charges Discussion Paper* issued in August 2020. It is acknowledged that the latter is the least worst option of the two.

Under the benchmarking and rebalancing approach, councils would have a two-year period to rebalance the DWM charge with general rates based on pricing principles published by the Office of Local Government. Total council revenue would thus be unaffected as this would merely shift some costs from one journal to another. IPART would only regulate by exception those councils that exceed the average DWMC after rebalancing by about 15%. However, shifting costs from one ledger to another does not reflect the real cost of waste services and does not assist with transparency of the DWMC for ratepayers. It will also likely result to a reduction in waste services as they will compete with general council revenue.

IPART should reengage with councils through a stakeholder forum, where solutions are sought to address the main issues responsible for increasing DWMCs and not just the issues under IPART's jurisdiction. IPART has already demonstrated a willingness to engage with the Office of Local Government on updating their *Council Rating and Revenue Raising Manual (2007)*. This will enable pricing principles to be established that reflect the reality of modern waste management and delivering services for the benefit of domestic residential properties.

These views are shared by our member councils. We respectfully request that you reconsider your approach and engage further with stakeholders. The proposed waste peg will not deliver a beneficial outcome for ratepayers, councils or the environment.

### Changed direction

NSROC is disappointed that the current report varies markedly from the approach put forward in the 2020 Discussion paper. The former proposed benchmarking of waste services across similar councils, while the current 'waste peg' seeks to deliver a one size fits all approach, despite councils clearly demonstrating the complexity of waste service delivery and the inherent differences between councils.

While a 'voluntary waste peg' may sound innocuous, the proposed increase of 1.1% for 2022/23 will mean that councils wishing to maintain the current level of services in the future will need to exceed the peg, given that the average annual increase in waste charges over the five year period analysed by IPART was 4.5% and CPI has risen by 5.1% over the past twelve months to the March 2022 quarter. This does not take into account increasing populations and waste volumes (which are predicted to double in NSW in the next 20 years), rising market-based costs, the mandated FO/FOGO service by 2030, a transition to a circular economy and the increasing incidence of natural disasters.

Given the likely need to exceed the voluntary peg, councils face the real prospect of IPART nominating a fixed peg, which will result in reduced waste services and diversion rates.

### Waste peg

The proposed waste peg approach risks incentivising councils to do as little as possible and to prioritise cost over innovation and delivering best-practice services. It poses a significant barrier to the delivery of council targets and the WaSM targets. The waste peg also increases risks to the successful roll-out of new services e.g. FOGO, which the EPA has mandated by 2030.

The waste peg is modelled on a range of past costs at a given point in time. It does not reflect the reality of the future costs for which councils have to plan. Councils comply with strict legislative controls which forbid the use of general rates income to fund waste services. The Domestic Waste Management Charge (DWMC) needs to be set so that it covers all expected costs of delivering waste services in that year.

NSROC and its member councils do not believe the waste peg will result in better value services for ratepayers. It will only perpetuate the current differences between councils' charges, which was a significant component of IPART's justification to take action on the DWMC.

### Pricing principles

NSROC is generally supportive of the proposed pricing principles, because they largely reflect councils' objectives for service delivery i.e. efficiency, value for money, transparency and equity. However, the incremental pricing proposed is acceptable for direct costs, but not for overheads, due to the complexity of the calculations required for limited benefit. NSROC does not accept IPART's analysis suggesting metropolitan Councils average corporate overheads represent 65% of the DWMC. Hornsby Shire Council's overheads for example represent only 4% of the DWMC cost structure. In addition, such pricing of overheads conflicts with the full cost recovery methodology proposed for all fees by the *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality* (Department of Local Government, 1997).

NSROC also recommends that IPART ensure that any pricing principles adopted reflect the current community aspirations for modern waste management and resource recovery. This will require broadening the definition of 'domestic waste' and 'domestic waste management services' in the *Local Government Act 1993* and providing examples of which services can be conducted under these definitions in the *Council Rating and Revenue Raising Manual* (Department of Local Government, 2007).

## State Government policies

The Report mentions the state government's *Waste and Sustainable Materials Strategy 2041*, but does not appear to appreciate that its targets (e.g. 80% recovery for all waste streams by 2030) will be difficult to achieve if councils are required to cut back on their waste diversion, recycling and resource recovery activities due to the proposed waste peg. Councils are facing increased costs due to market forces and legislative requirements.

In particular, the NSW government has mandated that councils offer all domestic properties a separate food organics and garden organics collection by 2030. Modelling undertaken by SSROC has indicated that implementing a FOGO service will increase the average cost of waste services by \$3.2 million per SSROC council per year and would require councils to raise their DWMC on average by 14% to fully recover FOGO-related costs. A waste peg in the order of 1.1% would not allow councils to fully implement the service nor even progressively build up reserves to prepare for the additional costs over time.

## Financial impact

Any reform that reduces funding available to councils for waste activities will hinder councils' ability to adapt to adverse impacts on the waste industry. Examples include COVID management and recent tip closures caused by flooding. Council would also be required to make general funding decisions that are contrary to environmental sustainability and best practice.

## **COMMENTS ON DRAFT DECISIONS**

### **D1. Publishing a benchmark waste peg annually**

NSROC opposes the proposal to publish an annual waste peg because it does not accurately reflect the costs that councils face. Our member councils have concerns about the methodology by which IPART proposes to calculate the Waste Cost Index (WCI) (including the 2019 Local Government Cost Index (LGCI) survey information) and indicative peg. An inaccurate metric does not 'inform or protect ratepayers'. Only 52% of councils responded to the LGCI survey, which brings into question the robustness of the baseline data. It has been reported that the methodology of the survey did not enable councils to adequately report on the cost structure of the DWM charges (i.e. Appendix B-6, Table B10 on page 39 of IPART's Discussion Paper 2020). Hornsby Shire Council noted that the LGCI Survey used mixed terminology e.g. domestic waste management, solid waste management, and solid waste management including street sweeping, potentially resulting in inconsistent categories for reporting on DWM costs. Willoughby City Council also has concerns that the WCI methodology is an inaccurate means to determine the peg. For example, the WCI states an average of 14% is attributed to staff salaries/benefits while only 2.7% is attributed to their staff costs.

The waste peg focuses on past costs and lagging indicators, while the DWMC addresses expected future costs. For NSROC member councils many of these costs are contractual obligations or otherwise outside their control including: rising interest rates, fuel costs, supply chain issues, a shortage of contractors, impacts of the export bans (including the fall in value of recycled materials) and changes to the Orders and Exemptions for Mixed Waste Organic Outputs. Some councils currently renewing or entering into new recycling collection and processing contracts have reported a 250% increase in recycling costs. IPART acknowledges in their Draft Report December 2021 that 'there are multiple external factors likely to be putting upward pressure on DWM costs' (listed in Table 2.2; page 8), but that 'most of these issues are outside the scope of this review' (Page 13). These factors significantly impact the cost of delivering domestic waste services and are properly considered by councils when identifying the costs to be recovered by the DWMC.

There appears to be inconsistencies between the average cost increases in DWMC of 4.5% reported by councils (averaged from 2013-2019) and the IPART proposed waste peg of 1.1%. Councils do not have the liberty of imposing such cost rises on their communities unless they can be justified and the breadth of the average quoted suggests that these rises reflect the reality councils are facing. Willoughby City Council's expenses for example have increased by an average of 5% over the last three years.

The importance of the DWMC contribution to domestic waste management has become even more critical over the last couple of years and will continue to do so, due to the increasing financial pressures on councils. It is unrealistic for IPART to expect DWMC to decrease in the near future. For example,

- Councils' general rates will be pegged at 0.7%;
- The NSW Government has proposed reforms that reduce councils' ability to seek infrastructure contributions from new developments;
- Councils are facing significant increased costs due to COVID 19 and lost income during this time;
- Non-contestable council waste funding will no longer be provided from the NSW EPA after this financial year and
- While the Waste Levy has increased by 148% over the last 8 years, the overall funding available to councils (either through contestable or non-contestable grants) continues to decrease dramatically.

Councils are faced with two legal issues that are not taken into consideration in determining the peg:

1. For Councils with inhouse labour there is a legally enforceable award increase applicable each year, of which there will be a 2% increase from July 2022.
2. For Councils that contract out services, the cost increases are determined in accordance with their contract, which for Mosman Council for example, is based on the Sydney All Groups CPI at 30 June of the contract year, an unknown at the time of determining the waste peg.

The proposed waste peg approach has the following implications:

- It risks incentivising councils to do as little as possible and to prioritise cost over innovation and delivering best-practice services;
- Poses a significant barrier to the delivery of council targets and the NSW Waste and Sustainable Materials Strategy (WaSM) targets;
- Increases risks to the successful roll-out of new services e.g. FOGO, which the EPA has mandated by 2030;
- Councils would need to increase the DWMC above the peg to maintain existing or introduce new services which would risk community backlash. The alternative of a special rate variation would be time consuming and not guaranteed;
- As more councils inevitably exceed the voluntary peg, pressure will build on IPART to make the voluntary peg a mandatory peg;
- It limits councils' ability to:
  - provide contemporary and progressive resource recovery-based waste services to their communities;
  - meet contractual payment obligations and
  - replace or create new waste infrastructure and to manage waste assets such as historical landfills in an environmentally responsible manner or replace bin assets as needed.

The change in approach proposed by IPART between their August 2020 and December 2021 Reports is surprising given the low number of submissions received from ratepayers (33 submissions from individuals and one submission from a neighbourhood group). Complaints were from a limited number of council areas and focussed on only a few issues. NSROC's local communities are generally highly supportive of the waste management services provide by their councils'. As noted in NSROC's

submission on IPART's 2020 discussion paper, 'Our member councils' regularly undertake customer or community perception surveys with their community and each time waste is included in the survey for feedback. Over the last two years, our councils have achieved scores between 72 - 91%, reflecting their community's satisfaction with the waste services they receive.' Councils from a number of different ROCs have identified through community surveys that ratepayers have an expectation of high resource recovery and in many circumstances, a willingness to pay for additional services. A waste peg does not take community expectations into account.

## **D2. Publishing an annual report on extent of increases in DWMC above benchmark waste peg**

The draft report acknowledges the critical role councils play in delivering waste management services. However, it does not appear to appreciate the challenges facing local government in providing these services, particularly with the introduction of the WaSM.

Until 2016-2017, the Office of Local Government conducted audits of the reasonable cost basis of DWMCs. It is not clear why this practice ceased, nor how individual councils justifying increases in their DWMC above the benchmark waste peg will be more effective in mitigating the misallocation of expenses. The Office of Local Government's audits provided consistency, independence and credibility to the financial data collected by local councils. It enabled ratepayers and IPART to be confident that the charges were true and fair.

Kerbside services and related activities can be funded by the DWMC. However, the current definitions of Domestic Waste and Domestic Management Waste Services (DMWS) under the *Local Government Act 1993*, were developed many years ago and are no longer fit for purpose. They also assume a linear, rather than a circular economy which therefore excludes waste avoidance activities from the DWMC.

### *Section 496. Making and levying of annual charges for domestic waste management services*

*(1) 'A council must make and levy an annual charge for the provision of domestic waste management services for each parcel of rateable land for which the service is available*

### *Definition of domestic waste in the Dictionary*

*domestic waste means waste on domestic premises of a kind and quantity ordinarily generated on domestic premises and includes waste that may be recycled, but does not include sewage.*

Contemporary waste management practices are more diverse, including services that are not provided at the property level. This is due to significant changes in policy, targets, regulations and expectations from the community over time. Practices now include a suite of education and behaviour change initiatives. NSROC argued in its 2020 IPART submission on the DWMC discussion paper, that these types of activities should be included under these definitions, as they divert waste from the kerbside and meet government requirements and targets. However, the current IPART Report offers no support for this proposition.

Domestic Waste Management Services should be expanded to not only include those applied directly to the property, but that provide a benefit for domestic residential properties. Particularly when it is more cost effective or safer for residents to drop off their waste at a drop-off event or Community Recycling Centre (CRC).

NSROC therefore recommends that IPART works with the Minister for Local Government NSW to modernise the definition of domestic waste and domestic waste management services to incorporate all programs delivered to residents and the broader community that relate to the waste hierarchy (according to its highest order of use), the circular economy and ultimately impact on what people put into their kerbside services.

Councils' waste management activities can vary markedly over time and between councils which makes it possible that any council could exceed the waste peg. The draft Report does not indicate what type of justification would be accepted by IPART for exceeding the waste peg. Nor is it clear whether Councils will have a right of appeal.

### **D3. Recommending that the Office of Local Government publish pricing principles**

In general NSROC supports greater clarity about what the DWMC can be used for and the Pricing Principles offer an opportunity to achieve this. These should have regard to the full range of waste management services expected to be and currently provided by councils. NSROC recommends that IPART work with the Office of Local Government to include the following activities:

- Illegal dumping clean ups with a delineable link to rateable parcels of land
- Broader waste avoidance education;
- Community Recycling Centres;
- Drop-off events for problematic, hazardous and other materials such as e-waste and textiles that are not cost-effectively managed through kerbside services;
- Hazardous waste, chemicals, e-waste and other future product stewardship scheme items;
- Soft plastics, textiles, mattresses, tyres and solar PV recycling programs;
- Waste audits;
- Trials and pilots (including their evaluation);
- All aspects of community engagement (including events) and education campaigns including advertising and media;
- Promotion of council provided programs and services;
- Contamination fees and decontamination costs;
- Implementation of smart technology such as RFID which is proven to reduce contamination issues;
- Reuse and repair initiatives;
- Domestic waste generated during disaster events;
- Waste strategies;
- Infrastructure acquisition, development and maintenance
- Contract development and variations and
- The management of future developments i.e. DCP and waste guidelines.

It is important to note that waste services can be varied and complex and principles such as user pays or equity cannot always be interpreted in black and white terms. Councils offer services to the community rather than to individuals and the charge is an availability charge not a pure usage charge. As stated above, many factors affect the cost of providing waste services. Furthermore, councils need to consider costs at a suitable scale because the cost of calculating charges for each property would not be justified by any savings, given that economies of scale are likely to provide the most cost effective service. Similarly, the cost of large-scale infrastructure should be shared at the community level, rather than attempting to allocate the costs to the particular properties that are utilising it at any given time.

Councils also require some flexibility in their charging to cater for temporal changes to costs and to ensure they have waste reserves able to stabilise charges for the community. The legislative requirement which prevents councils using general rates to deliver domestic waste services also requires sufficient funds in the waste reserve to cover any costs incurred.

## FEEDBACK ON ISSUES FOR COMMENT

### **C1. Do you think our proposed annual ‘benchmark’ waste peg will assist councils in setting their DWM charges?**

The proposed annual ‘benchmark’ waste peg will not assist councils in setting their DWM charges, as it reflects past costs, while an estimation of future costs is what is required and is what is currently undertaken by councils across NSW. Assumptions about future impacts, many of which councils have little to no control over are required as part of these calculations. For example, the City of Ryde has not tested the market since 2014 and it is foreseeable that there will be a substantial increase in collection and processing rates when going to tender in 2024.

When comparing costs against multiple councils, IPART needs to be aware of the broader set of contributors affecting individual council waste service cost structures. These include but are not limited to:

- Varying waste services are offered between Councils;
- Varying service levels to DWMC structures (direct charging to DWMC versus user pays and combinations of, as permitted under *Council Rating and Revenue Raising Manual* (Department of Local Government, 2007);
- Some Councils have multiple DWM’s for differing service levels - therefore comparing an average or median DWMC will not recognise the actual differences in these services, nor that additional services are typically requested by the property owner;
- Market conditions and timing of tenders influence contract costs;
- Tender and Contract Conditions influence resulting contract costs – examples include:
  - risk assignment for bin repairs and replacements
  - numerous specifications such as:
    - missed service rectification requirements
    - bin deployment timeframes and how these costs are attributed within contracts
    - duration of the Contract Term to amortise fleet purchases or other waste assets/plant owned by contractors
    - second and third sweeps for scheduled bulky collection areas or response timeframes and DWMC or user pays charges for booked on call bulky collection services
    - requirements to collect oversize bulky piles, how bulky waste recyclables are recovered e.g. single streamed or requiring multiple collection vehicles for metals, mattresses, e-waste etc and required response times
    - who provides the collection depot, is it council owned land or must the contractor find and fund.

IPART needs to appreciate the complex cost drivers at play for local government. Councils have the right to make strategic waste service decisions, such as the types of waste services and service levels, in collaboration with their communities. Councils also need to consider contractual and legal matters within Tender and Contract Agreements. All of which impact on the cost of providing domestic waste services and therefore the DWMC.

### **C2. Do you think the pricing principles will assist councils to set DWM charges to achieve best value for ratepayers?**

Not automatically. Any principles which result in more enquiries or other administrative costs are likely to reduce the current value for ratepayers. Councils deliver waste services on a cost neutral basis and are bound by legislation which prevents them using general rates income to deliver domestic waste services and also requires that the funds raised by the DWMC can only be used to deliver domestic



waste services. General tendering regulations ensure that councils deliver demonstrably best value for money and this applies to waste services as well. The proposed principles are unlikely to improve current outcomes, but because they generally reflect the existing requirements, NSROC has no major objections to them.

However, clarifying which services and functions can be provided under the DWMC will avoid confusion by councils and provide transparency for ratepayers.

**C3. 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?**

The pricing principles proposed in the IPART discussion paper are very brief and require further detailed development, including the provision of examples, before implementation.

**FEEDBACK ON IPART'S PROPOSED PRICING PRINCIPLES**

**P1. DWM revenue should equal the efficient incremental cost of providing the DWM service**

NSROC supports that the DWMC should recover the reasonable cost of providing DWM services and has seen no evidence that councils in this region are seeking to recover the costs of councils' other functions and services through this charge.

NSROC agrees with the incremental cost allocation of direct but not overhead DWMCs, where a reasonable apportionment can be used. It would be challenging to calculate the incremental cost of all overheads and unlikely that the amended cost would justify the resources expended. Furthermore, the advantage of all allocating council overheads in this manner, rather than the proportional amount used for other council services is unclear. This is unlikely to improve value for money or assist with transparency for ratepayers as overhead costs will be less visible when transferred to the general council budget rather than remaining part of the DWMC.

**P2. Councils should publish details of all the DWM services they provide, including the size of the bin, the frequency of the collection and the individual charges for each service.**

NSROC has no objection in principle to councils publishing the details of DWM services, including bin size and collection frequencies, but not the corresponding DWM charge for the various property types. Most Councils already include these service charges in their fees and charges or similar public documents including Hornsby Shire Council and City of Ryde Council who display this information on their websites.

NSROC welcomes the opportunity to collaborate with IPART to determine what information ratepayers require and how it should be presented to satisfy their transparency concerns about the DWMC. Waste services are complicated and therefore so is the data. There is little point providing the community with overly detailed information that causes confusion, lacks context and does not allay concerns. The required information may already be available, but not known to ratepayers.

### **P3. Within a council area, customers that are:**

- imposing similar costs for a particular service should pay the same DWM charge
- paying the same DWM charge for a particular service should get the same level of service

NSROC supports this principle in theory, but acknowledges it is not practical in all situations and needs to be applied on a case by case basis. It should be noted that even charges for primary kerbside services are already somewhat proportional as the presentation rate changes every week and some residents generate more waste than others, contributing a different proportion of a council's total weight-based waste levy and landfill gate fee.

Waste services are delivered to a variety of properties and there will be small variations between the services offered as dictated by the individual locations. For example, the cost to provide a kerbside collection to a single household dwelling in a semi-rural area is likely to be more expensive than a similar dwelling with the same bin configuration in a higher density urban area. However, if the collection contract averages out those costs into a single bin lift rate which applies to both properties, then the urban property is paying more than the cost it imposes and the rural one less.

As another example, 50% of Willoughby City Council's population live in apartments. Food organics trials have shown that an organics service is more expensive to successfully implement and run in apartment buildings than in houses. Is IPART suggesting that residents in units should pay more for their food organics service than residents living in houses?

### **P4. Any capital costs of providing DWM services should be recovered over the life of the asset to minimise price volatility**

NSROC supports this principle provided that the asset lifetime is interpreted to incorporate a suitable lead time to cover raising the capital costs and extended past the end of life of the asset to cover any disposal/remediation costs.

## **CONCLUSIONS**

1. Councils in the Sydney Metro area in particular, have been struggling with the staggering cost increases of providing waste delivery services to their communities for the past decade. Councils in the NSROC region lack access to critical waste infrastructure, have to contend with higher prices due to limited competition and navigate their way through the risk of service disruption. In addition, waste volumes, populations and government and community expectations of council waste delivery is continuing to increase, while their funding decreases. It is unclear how IPART expects the DWMC to decrease in the near future, or how assigning different accounting methodologies will assist alleviate the most significant issues contributing to increasing DWMCs.

2. The recommendations made in the draft report will unfortunately do little to address the challenges facing councils in delivering a reduced DWMC, or ratepayers' concerns about its transparency. IPART acknowledges that most of the large issues of concern for councils are outside the scope of the review and their delegated powers. If IPART can only set an annual limit on the extent to which councils' DWMCs may be varied, then we request IPART to work with local government and the relevant state agencies to implement real change for ratepayers and councils. NSROC recommends IPART hold an additional forum with stakeholders to discuss the best suite of options available including considering reinstating the DWMC audits conducted annually by the Office of Local Government.

3. NSROC and its member councils support a transparent, cost-effective and clear DWMC and therefore strongly oppose the voluntary indicative waste peg of 1.1% proposed by IPART in its December 2021 draft report. It will not assist provide best value for ratepayers. Nor provide transparency. In addition, a

proposed peg of 1.1% is incomprehensible given IPART's estimate of an average 4.5% DWMC increase across councils in recent years. Rising costs and transitioning to a circular economy will require further DWMC increases.

4. NSROC also does not support the benchmarking and rebalancing approach proposed in August 2020, although we acknowledge it is the least worst option of the two.

5. The definition of 'domestic waste' and 'domestic waste management service' under the *Local Government Act 1993* requires updating. NSROC recommends IPART work with the Minister for Local Government NSW to modernise the definition of domestic waste and domestic waste management services to incorporate all programs delivered to residents and the broader community that relate to the waste hierarchy (according to its highest order of use), the circular economy and ultimately impact on what people put into their kerbside services.

6. The *Council Rating and Revenue Raising Manual* (Office of Local Government, 2007) also requires updating. NSROC recommends IPART work with the Office of Local Government to include examples of contemporary management services that should be included under the DWMC (a list is provided on pages 6-7 of this submission)

7. The NSW Waste and Sustainable Materials Strategy has a number of targets including an 80% recovery rate of all waste streams and a mandated domestic food organics waste service by 2030. A small component of the Waste levy is being utilised to fund various programs, but not sufficient to deliver these services without substantially increasing the DWMC. It is also unclear how the EPA intends to assist councils with the lack of waste infrastructure and competition for services in NSW. NSROC seeks a more appropriate distribution of the Waste levy by government i.e. designate a greater proportion to waste avoidance and resource recovery by planning and providing appropriate infrastructure.