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COMPOST  
AUSTRALIA

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7 July 2006

Inquiry into Waste Generation and Resource Efficiency  
Productivity Commission  
Locked Bag 2, Collins Street East  
MELBOURNE VIC 8003

Dear Sir,

**Re: Response to the Productivity Commissions Draft Report on Waste Management**

Compost Australia rejects the philosophical and ethical framework used by the Commission to evaluate waste management in Australia. While we understand that the Commission is bound by terms of reference and its own charter, the application of cost-benefit evaluation techniques in this report is narrow and ignores widely held social values when defining system boundaries and evaluating individual costs and benefits. The report, whilst professing a rational approach to the evaluation process, reflects the philosophical position of the Commission rather than providing clarity on how best to manage waste.

Conclusions such as those put forward in this report should not be made without an ethical debate about the costs and benefits that should be included in the analysis and what those costs and benefits should be valued at. This debate has already occurred over more than a decade, at a more holistic level, with the conclusions flowing on to existing legislation promoting the goals of waste minimisation, diversion from landfill and resource recovery. The Commission may have better addressed the Treasurer's terms of reference by looking for the most 'economically efficient' way of achieving these established goals.

Specifically, we reject the Commissions estimations leading to the valuation of externalities associated with landfills (less than \$5/tonne). We also reject the idea that the system boundaries should be restricted to exclude both upstream (production) and downstream (beneficial reuse) benefits of waste minimisation and resource recovery. In fact, based on the lack of data and the unresolved disagreements regarding system boundaries, draft findings 4.1 to 4.4 can best be described as speculation. At worst they are misleading and reflect an unacceptable level of bias in the analysis.

Compost Australia represents members whose business and/or profession involves addressing the environmental and social externalities associated with waste. More broadly the resource recovery industry exists in its current form due to government intervention, based on social and political processes, which provides the economic and regulatory framework for our industry. It is irresponsible for the Commission to undermine that framework based on an application of their values system, a values system that we believe is out of line with Australian society. Cost benefit analysis is a decision support tool, not an ethical framework for decision making.

The Commission has done a relatively good job of identifying the key waste management issues in Australia and the gaps in knowledge that would need to be filled in order to support better decision making. We recommend that the Commission withdraw its findings relating to the costs and benefits of waste (Chapter 4) and instead work on obtaining sufficient information for a more complete evaluation in the future, including public consultation on the values underlying the CBA. We also ask that our rejection of the philosophical and ethical framework used in this evaluation be publicly acknowledged.

Sincerely,

Peter Wadewitz  
Chair  
Compost Australia