

Mr Philip Weickhardt
 Commissioner
 Inquiry into Waste Generation and Resource Efficiency
 Productivity Commission
 Locked Bag 2, Collins Street East
 MELBOURNE VICTORIA 8003

By email: waste@pc.gov.au

20 September 2006

Dear Mr Weickhardt

Waste Management
Productivity Commission Draft Report

On behalf of the Australian Chamber of Commerce and Industry (ACCI), which represents some 350,000 businesses, I would like to provide comments regarding the Productivity Commission Draft Report *Waste Management*.

ACCI considers the following key points to be the essential findings of the report:

- Waste management policy should be guided by best practice approaches to policy development, namely that objectives are clarified; all expected costs and benefits of different options are considered; and the policy selected that gives the best return to the community.
- Waste management policy in Australia needs to be refocused. Policy makers and community attitudes need to be guided by open rigorous analysis of costs, benefits and risks, if waste management measures are to best serve the community.

Productivity Commission Draft Report, Waste Management, May 2006, p. XXII

Unfortunately there are many examples of regulatory action where these principles have not been followed, resulting in far from optimal outcomes and the imposition of a heavy regulatory compliance burden upon industry.

Policies and regulatory proposals regarding waste management issues such as plastic bags, recycling, landfill, greenhouse gas emissions, or any other area, should always be subject to rigorous regulatory impact statements and cost benefit analyses. Without such rigor ill-considered regulatory responses will continue to be imposed upon industry.

Further comments relating to specific recommendations are attached. If you have any queries please do not hesitate to contact myself, or Nicolle Flint, on (02) 6273 2311.

Yours faithfully

Greg Evans
Director Industry Policy and Innovation

DRAFT FINDINGS AND RECOMMENDATIONS

ACCI welcomes the Commission's *Draft findings and recommendations*.

In particular ACCI would like to commend the following Draft Recommendations:

Draft recommendation 7.1

Governments should not allow the priorities suggested by the waste hierarchy to override sound policy evaluation principles based on a net social benefits approach. All of the costs and benefits of alternative waste management options should be carefully evaluated.

As emphasised in our covering letter, it is imperative that any policy or regulatory proposals be subject to a rigorous Regulatory Impact Statement (RIS) and cost benefit analysis.

Draft recommendation 8.1

Governments and retailers should not proceed with their foreshadowed plan to eliminate plastic shopping bags by the end of 2008 unless it is supported by transparent cost-benefit analysis. The analysis should clarify the problems that the ban would seek to address, the response of the community to a ban, and whether or not alternatives — such as tougher anti-litter laws and means for encouraging greater community participation in controlling litter — would achieve better outcomes for the community.

ACCI strongly supports this Draft recommendation. However, it is essential that the full costs and benefits to businesses are also thoroughly examined and this should be explicitly stated.

Draft recommendation 10.1

The terms of reference for the scheduled 2008 review of the National Packaging Covenant should be expanded beyond an assessment of effectiveness. An independent review should consider all relevant evidence about whether the Covenant (and supporting regulation) delivers a net benefit to the community.

ACCI strongly supports this Draft recommendation. ACCI highlighted a number of flaws with the National Packaging Covenant and surrounding processes in our initial submission to the Commission. The costs and benefits to businesses should be exhaustively examined in consideration of the net benefit to the community.

Draft recommendation 10.2

Product stewardship schemes for computers, televisions and tyres should not be introduced without robust evidence that:

- ***there would be a net benefit for the community***
- ***other policy options would not deliver a greater net benefit.***

This is particularly the case if a mandatory approach — involving either industry-government co-regulation or government regulation — is being contemplated.

ACCI notes that regardless of the Commission's Draft recommendation, the Environment Protection and Heritage Council (EPHC) is progressing this issue by means of a mandatory approach without the presentation of a rigorous RIS, including a cost benefit analysis, without robust evidence of proof of a net benefit to the community and without proper consideration of other policy options that may deliver a greater net benefit.

As far as ACCI is aware, the only public consultation on this issue to date was by means of a Discussion Paper *Co-regulatory Frameworks for Product Stewardship* released in December 2004 for the purposes of 'broad consultation'.

From this Discussion Paper the EPHC has initiated the development of a generic product stewardship National Environment Protection Measure (NEPM). As stated by the EPHC:

Ministers welcomed the good progress on the development of a generic product stewardship NEPM, with work being done to establish product stewardship arrangements for the tyre and television industries. A regulatory impact statement for the new NEPM will be made available for public consultation in late 2006.

Ministers directed their officials to report on regulatory options for product stewardship for computers at the November 2006 EPHC meeting, noting that this area presents significant challenges, given the structure of the industry.¹

ACCI notes that a RIS will be prepared on the actual NEPM, not on the entire suite of options available on this issue. ACCI has sought advice as to whether the RIS will include a full, transparent, cost benefit analysis.

ACCI further notes that the absence of a RIS on all available product stewardship options is contrary to the Commission's Draft recommendations. It is also contrary to the approach to good regulation making outlined in the Federal Government's response to *Rethinking Regulation* released on 15 August 2006.

¹ EPHC Communiqué, "Ministers Tackle Environmental Pressure Points of Urban Living", 23 June 2006, http://www.ephc.gov.au/news.html#communiqué_jun_06.