

**WASTE MANAGEMENT
ASSOCIATION OF AUSTRALIA
WA Branch**

10 July 2006

Productivity Commission
Locked Bag 2 Collins St East
MELBOURNE VIC 8003

Dear Commissioner Weickhardt,

The Waste Management Association of Australia (WMAA) is Australia's leading Association for waste management companies and professionals, and covers primarily the field of solid waste management.

The WMAA represents a diverse range of interests, and has national divisions related to clinical waste, composting, landfill, construction and demolition waste, energy from waste and waste education. Our membership is national, with branches in all Australian States and Territories. Our numbers are significant, with over 1000 members representing more than 3000 companies and individuals in the waste and resource recovery industry. Our members also include representatives of state government departments involved in regulation and policy development.

As a result of this breadth and depth of exposure to the waste management industry, the WMAA is uniquely positioned to comment on the issues within the industry. The WA Branch of the WMAA has reviewed the draft report and offers its broad feedback on the approach adopted in the report. Detailed comment regarding specific aspects of the report will be addressed by our individual members.

Terms of reference

Our primary comment is that, in focussing upon economic efficiency, the Commission has not addressed the terms of reference. Instead, the Commission has developed a report that seeks to justify the status quo rather than develop a rationale for microeconomic reform. Whilst a thorough report, we feel that its focus is askew.

The terms of reference are clear in their focus upon resource efficiency. We understood that this would lead to a thorough analysis of the structural barriers to optimal resource recovery. These might include the structure of the market, regulatory approaches adopted, the division of responsibilities between State and Federal governments or any number of additional aspects. Some of the submissions touched on the elements that might be used to develop such an analysis.

The report as it stands relies heavily upon the market to determine the optimal level of resource recovery, but fails to acknowledge that the market is not perfect and that the industry is undergoing significant change catalysed by government policy and regulatory compliance, all within a period of consolidation. Indeed, the market is far from perfect, an observation that has underpinned several decades of federal government led microeconomic reform.

The Commission urgently needs to revisit its approach to the terms of reference in order to provide the analytical underpinning for reform in the waste management sector.

Approach to the waste management industry

The WMAA considers that the Commission has adopted an excessively simplistic view of the waste management industry, placing segments of the industry in competition with each other, rather than highlighting the interactions between different segments. Composting and landfill disposal do not compete, instead they are facets of the overall mix of waste management.

The decisions to be made regarding waste management are not landfill vs composting, or landfill vs energy recovery, or even composting vs energy recovery. Instead, the decisions are how to best develop a mix of the various approaches to achieve net social benefit and improved environmental outcomes. That is, the focus of waste management should be on optimising this mix rather than encouraging one system over another. This encouragement can be both overt in the form of bans or levies, or covert in the form of letting structural flaws dictate a sub-optimal mix.

Further to this, the concerns within the industry are not necessarily shared. For instance, the draft report considers environmental impacts almost exclusively from the perspective of landfill, looking at contamination of air and water from various components of the waste stream. These concerns are not necessarily shared by a composting facility, which may have greater issues with the extent of product testing mandated by regulators, or glass contamination.

The WMAA considers that, as the mix of waste management systems broadens, the regulatory response needs to become refined. The necessary developments in micro-and macroeconomic aspects in order to acknowledge and foster increasing refinement in the waste management industry is an area that requires further consideration. These aspects include taxation, regulation, international trade and the like. Australia should be able to develop long-standing wealth from its waste stream through improved resource use efficiency, and the Productivity Commission should be able to identify where the necessary reform to achieve this should be applied.

Concluding comments

The WMAA acknowledges the substantial amount of work that has been put into this report by the Productivity Commission, and seeks to be involved in any further hearings or deliberations.

In particular, where reforms are proposed as a result of the Commission's findings, the WMAA should be actively consulted from an early stage in order to canvas a broad

response from all facets of the industry. As implementation of any outcomes from reform will undoubtedly fall to members of the WMAA, our early input will create the best conditions for success of reforms.

Yours sincerely,

Kevin Poynton
Vice President - WMAA WA Branch