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Mr Philip Weickhardt
Presiding Commissioner
Productivity Commission
Locked Bag 2 Collins Street East
MELBOURNE VIC 8003

17 July 2006

Dear Mr Weichhardt

PRODUCTIVITY COMMISSION 2006. WASTE MANAGEMENT, DRAFT REPORT, CANBERRA

I refer to the above document currently open to public comment and on behalf of Darwin City Council, applaud the Productivity Commission on the many positive aspects of the Waste Management Draft Report.

The report provides largely objective assessments of current waste management practices in Australia and provides valuable recommendation for improvements.

However, it is disappointing that Darwin City Council did not receive a formal invitation to comment on this important draft report given that some of the inquiry's recommendations, if implemented, have long-term implications for waste management service delivery in our City and Region.

Some of the draft report's recommendations and omissions are of concern to Council, in particular:

- It is disappointing that waste disposal and recycling data for the Northern Territory was identified as "not available" when the larger NT Councils, including Darwin City Council, provide this data annually to various Territory and Commonwealth Government departments, including the Australian Bureau of Statistics.
- The Commission's recommendation that Local Governments in larger urban centres are no longer the most appropriate authority to managing waste due to a perceived conflict of interests through responsibilities for planning, including landfill site approvals, does not hold true for the NT where planning responsibilities are vested with the Development Consent Authority.
- The Commission's report compares European waste disposal and recycling data with that from Australia on a number of occasions. Comparison waste per household figures, which combine food and green waste, for example do not take into account the much greater volumes of green waste produced here. This approach also distorts recycling figures overall.

- The Commission's report states that most Local Governments have contracted out waste management services, including landfill operations, to private providers but fails to acknowledge that privatisation and outsourcing occurred in many cases after introduction of the National Competition Policy's full cost pricing requirements. Waste management charges, including gate fees, have increased sharply since then and lead to many Councils taking back waste management service delivery to reign in costs to the community.
- The Commission acknowledges that Government monopoly for domestic waste collection services can be justified since the private market is failing in providing these services cost effective to the community. The example of Finland is quoted where waste collection costs increased by up to 25% after delivery of this service were opened to the competitive market. However, the report also states that apart from household and small business waste collection, there appears to be little justification for governments to own and operate landfills or recycling centres. These statements do not reflect the true picture given that recycling does often only occur because it is heavily subsidised from other waste management incomes. It is also hard to believe that long term environmental and maintenance cost for landfills after closure will be borne by a private sector for up to 30 years after the income stream ceases to exist. In other words, fully privatising land filling will most likely lead to the community bearing the long term rehabilitation and maintenance costs for landfills. There are also the undisputed problems arising from early on profiteering but later insolvencies once profitability declines in tandem with ongoing maintenance/rehabilitation cost.

In summary Council does not believe that the full commercialisation of waste management or unilateral introduction of "pay as you throw" waste management charges would benefit either the community or effective long term environmental management objectives, including recycling. Nevertheless, Council does support the existing preferred system where waste management services are subject to competitive tendering to ensure the best and most cost effective service is provided to the community.

We look forward to your response and amendment of the Commission's Waste Management Draft Report to reflect Council's concerns.

Yours sincerely,

ALLAN MCGILL
CHIEF EXECUTIVE OFFICER