

10 July 2006

Productivity Commission
Locked Bag 2
Collins Street East
Melbourne VIC 8003

Dear Sir,

Re: Comments on Productivity Commission's Draft Report on Waste Management

Thank you for the opportunity to submit a written comment on the Productivity Commission's Draft Report on Waste Management.¹

My comments on the document follow:

1. Chapter 2

- a. the Draft Report does not acknowledge that there is a significant future social benefit in reducing per capita waste generation in Australia. This failure contributes to the report's undervaluation of the social benefits of policy intervention.
- b. The report argues that comparison of Australia's performance with other countries is of limited value. It should also acknowledge that developments in other countries should not be ignored.

2. Chapter 3

- a. The report acknowledges there is growing public concern about upstream environmental impacts and the sustainability of natural resource use. The report should also acknowledge that, if these concerns are valid, and are effectively addressed, significant social benefits will inevitably accrue. These benefits should be factored into the report's analysis of the cost-effectiveness of policy intervention.

3. Chapter 3

- a. The report argues that people in the community will adopt the least cost waste management option. This conclusion is both inconsistent with experience (i.e., community responses to kerbside recycling), and disregards the attitudinal and behaviour changes that can occur, and the associated social

¹ Productivity Commission 2006, *Waste Management*, Draft Report, Canberra.

benefits that can accrue, through the delivery of community educational programs.

- b. The report acknowledges that kerbside recycling can deliver net benefits to the community in some locations. The analysis appears to undervalue, or not value at all, the social benefits (including improved community self-regulation and individual behaviour change) derived from the exposure of members of the public to kerbside recycling schemes.
- c. The report argues that AWT costs are higher than the private costs of landfills. There is no acknowledgement of the operational efficiencies and the potential benefits to the local economy that can flow from the trialling and commercialisation of new technologies in Australia - benefits that do not flow if the technology is never introduced.
- d. The report appears to define "best practice" landfilling solely in terms of the waste disposal practices employed. Such an approach undervalues the benefits that waste avoidance, reuse and recycling can offer.

4. Chapter 5

- a. The report advocates the need to consider impacts of policy options on community well being over the long term. It offers no indication, however, that it has seriously examined the long-term consequences of allowing the current profligate attitudes to waste to continue, presumably on the basis that the discounted present value of those consequences are deemed insignificant.
- b. The report argues that most waste-related sustainability issues concern the environmental impacts of using natural resources. This seems to be a limited and short-term view of the issue. In addition, the potential future scarcity of resources, and the revised economics that may apply at that point, should also be considered.
- c. Although the report acknowledges that there may be a role for government in providing general information on waste management, it is generally unenthusiastic about such efforts. This attitude undervalues the significant social benefits that accrue through increased community awareness of issues - waste policies can and should include community education programs.
- d. The report should acknowledge the difficulties inherent in developing rigorous measures of social costs and benefits. The absence of agreed methodologies should not be used as an excuse to either ignore intangible social benefits, or to advocate no policy intervention.

5. Chapter 7

- a. The report ignores the social benefits of setting targets, communicating performance against targets, and revising targets as and when necessary. Lack of rigorous cost-benefit analysis should not be used as an argument to not establish targets, and to measure performance against those targets.

6. Chapter 8

- a. The report supports its arguments by acknowledging the potential benefits of community education. It is less forthright in other Chapters where acknowledgement of these benefits does not support some of the other conclusions presented in the report.
- b. The report concludes that a variety of regulatory measures that have been applied by government agencies have not been cost-effective. There is a need to more transparently present the results of this analysis in order that readers can assess whether all costs and benefits have been appropriately assessed.

Yours faithfully

Gordon Sutcliffe