

Product Stewardship Bill 2011 - Senate Inquiry

Att: Senator Cameron,

Dear Senator,

Reading the evidence presented at the public hearings held by the Committee in Canberra on April 13 I was surprised to see that Dr Wright from the Department of Sustainability, Environment, Water, Population and Communities claimed that the proposed TV and computer recycling scheme would 'provide a net benefit to society in the range of \$517 million to \$742 million over the period 2008-09 to 2030 – 31.'

**'This estimate was derived from the PwC 'Decision RIS' which I quoted in my submission to the Committee which, as I reported in my submission, concluded the following: So, if only the directly observable benefits are taken into account, such a recycling scheme will cost the Australian economy between \$512 million and \$613 million between 2008/09 and 2030/31 in net present value terms.'**

The 'net benefit' claimed by Dr Wright appears to have been derived from the assumption that consumers were prepared to pay between \$1.4 - \$1.7 Billion to recycle these materials based on a 'willingness to pay' study.

This is the first time I have seen a tax such as this used to translate a net cost to the community into a net benefit! The logic appears to be that, as the community is prepared to pay more than it actually cost, the fact that we can potentially design a scheme that costs less than they are prepared to pay results in a 'saving' or a 'net benefit'. I don't know what economics text book that comes from!

Where does this extra money come from if not the community?

As I noted in my submission, the costing presented in the 'Decision RIS' are quite optimistic. Also, the modelling is based on reaching a 70% recycling rate over 20 years, whereas the scheme currently being proposed asks for the achievement of an 80% recycling rate in just 10 years. Obviously costs will be substantially higher. To what benefit?

Best regards,

Gerard van Rijswijk

Senior Policy Advisor

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