



**LEGISLATIVE ASSEMBLY**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

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STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM  
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## Submission Cover Sheet

**Inquiry into drone delivery systems in the ACT**

**Submission Number: 090**

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**RE: Inquiry into drone delivery systems in the ACT**

This submission is personal. The views expressed below are solely mine - they do not represent the views of any of the organisations I am involved with.

I write solely to comment on term of reference (b) economic impact and (d) environmental impact in the context of submission number 12 - a paper 'The Potential Impact of Delivery Drones in the ACT'.

The point I wish to make is that the heading of the paper is a misrepresentation of its content.

The content of the paper contains an attempt to quantify selected benefits of drone delivery. I do not dispute its contention there may be some productive efficiency benefits to permitting drone delivery which may result in some gross consumer and social benefits. However, this paper claims to deal with the **impact** of drone delivery including benefits for consumers and society (see p 7). This claim is completely inaccurate. An assessment of **impact** requires an assessment of net benefit and this paper fails to calculate let alone demonstrate any **net** benefit.

The paper purports to assess the impact on local businesses. It claims drones will result in a reduction in the savings rate of ACT consumers thus generating increased sales claimed to be in the order of \$30 - \$40m. This claim is implausible and entirely unsupported. More likely, in regard total sales, against a benchmark of no or slower uptake of drone delivery, some local businesses will benefit at the expense of others with no plausible change in total retail sales. The main impact of permitting drone delivery is to change relative prices between delivery methods. There is no reason

given, and there is no reason to suspect, the savings rate of ACT households is sensitive to such a change in relative prices. The claim in the summary on page 5 'Grow retail sales' is dubious.

It also claims to assess the benefit for consumers. This gross benefit, stated as \$5m on p 5, rests on a calculation of the fraction of deliveries that will be undertaken by drones as a consequence of consumer preference for rapid delivery. The paper assumes drones will account for 3 ½ deliveries per household per month by 2030.<sup>1</sup> This calculation is based on estimates of fractions of delivery by different modes in 2030. See p 30. No benchmarks are given to compare these assumptions against current delivery mode composition by timeliness. There are, however, reasons to suspect that the willingness of the overall population of the ACT to pay for rapid delivery might continue to diminish<sup>2</sup> by 2030 with the substantial ageing of the population.<sup>3</sup>

Any reasonable assessment of the **impact** of hypothetical regulatory arrangements to permit commercial drone delivery in residential areas requires an assessment of the following:

- (1) consequent expenditure on noise reduction eg installation of noise glazing by residents seeking to endeavour to maintain their current level of quiet enjoyment of their properties inside their dwellings<sup>4</sup> as well as the value of loss of amenity suffered by those who do not install noise glazing;
- (2) cost of loss of amenity of reduced level of quiet enjoyment of private property outside dwellings in residential neighbourhoods;
- (3) cost of loss of amenity from reduced level of enjoyment of natural environment.
- (4) cost of regulatory structures necessary to ensure whatever environmental constraints on drone flight paths and time of use are complied with.

None of these factors have even been mentioned in this report.

This report makes no attempt to assess the Impact of delivery drones in the ACT. Its title is inaccurate.

Yours sincerely

Howard Pender

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<sup>1</sup> See p 13.

<sup>2</sup> As it has since the days of near universal bread and milk delivery to households.

<sup>3</sup> See <https://apps.treasury.act.gov.au/snapshot/demography/act>.

<sup>4</sup> it is not difficult to see that these costs could be significant and dwarf the estimated gross benefit to consumers calculated by the authors of this paper. In 2016 there were approximately 155k private dwellings in the ACT, see [http://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/CED801](http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/CED801). If the residents of 10% of these dwellings felt obliged to purchase noise glazing to maintain their current level of quiet enjoyment inside their own properties at an average cost of \$10,000 the total cost would be \$155m. If they undertook this expenditure at a rate of 1% of total dwellings per year for 10 years the cost would be \$15.5m per year ie 3X in excess of the annual gross consumer benefit estimated in this paper. \$10,000 per dwelling would not be sufficient to noise glaze all the windows in a freestanding dwelling from the quoted noise levels caused by the drone trial.