

**STANDING COMMITTEE ON  
ESTIMATES AND FINANCIAL OPERATIONS**

***BUDGET STATEMENTS***

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
MONDAY, 29 JUNE 2009**

**SESSION ONE**

**Members**

**Hon Giz Watson (Chair)  
Hon Philip Gardiner (Deputy Chair)  
Hon Liz Behjat  
Hon Ken Travers  
Hon Ljiljanna Ravlich**

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**Hearing commenced at 1.51 pm**

**CARBON, MR BARRY**  
**Chairman, Waste Authority of Western Australia,**  
**Locked Bag 104, Bentley Delivery Centre,**  
**Bentley 6983, sworn and examined:**

**The CHAIR:** Thank you very much for your attendance this afternoon, Mr Carbon. On behalf of the committee, I would like to welcome you to this meeting. Before we begin, I must ask you to take either the oath or affirmation.

[Witness took the affirmation.]

**The CHAIR:** To begin with, could you please state your full name, contact address and the capacity in which you appear before the committee.

**Mr Carbon:** My name is Barry Arthur Carbon. I am Chairman of the Western Australian Waste Authority. The address for that is care of the Department of Environment and Conservation.

**The CHAIR:** Thank you. You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

**Mr Carbon:** Yes, I have.

**The CHAIR:** These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing. Please be aware of the microphones and try to talk directly into them. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public or media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that premature publication or disclosure of the uncorrected transcript of evidence may constitute contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

As this is an estimates hearing, could members please refer to budget statement volumes or the consolidated fund estimates by way of a page number, item, program et cetera in preface to their questions? That would assist Hansard. Do members have questions they would like to ask?

**Hon SALLY TALBOT:** Mr Carbon, I want to start right at the beginning. In your evidence to a previous hearing held by a different standing committee, you indicated that there was some confusion, lack of information and lack of clarity about the staffing numbers of the Waste Authority. I think you mentioned a figure of 50 staff, as of last July, who seemed to be working on waste issues, and you mentioned a back-of-the-envelope figure that had been given to you orally of the budget being about \$5 million. It appears, from the information that we have obtained through the budget process, that the figure will be substantially less than that. Could you indicate whether some of those problems have resolved themselves?

**Mr Carbon:** Obviously, all the data from that committee is public and our submissions are numbered, so I have not given you a copy of that, but it is all there. The Waste Authority is almost a year old. It was created as part of the Waste Avoidance and Resource Recovery Act. When the Waste Authority came into being just prior to 1 July last year, about 50 staff were working for the Department of Environment and Conservation, nominally working on waste issues. Those staff

numbers have been reducing throughout the past year. The agreement with both the Department of Environment and Conservation and the Minister for Environment is that the fund will be used to fund 25 positions for the forthcoming year in the Department of Environment and Conservation.

**Hon SALLY TALBOT:** Is that 25 FTEs?

**Mr Carbon:** Yes, that is 25 FTEs, and all the ancillary costs that go with that. In round figures, that is about \$2.5 million. Subsequent to that standing committee report, the Minister for Environment has directed that there be a parallel office called the Office of the Waste Authority, which will nominally have five staff positions in it at the initial stage. That is in the process of being arranged now.

**Hon SALLY TALBOT:** Can you clarify what you mean by parallel?

**Mr Carbon:** The issue that has been outstanding for the past year is the dual reporting relationship of the staff in the Department of Environment and Conservation and the staffing, or the non-staffing, of the Waste Authority. The five positions will be deemed to be officers of the Waste Authority as defined within the act. Although they will be appointed by DEC, they will represent the authority in day-to-day activities, as opposed to my one day a week or other members of the authority's one day a month. There will now be full-time representation to manage issues and give advice.

**Hon SALLY TALBOT:** Will they report directly to you?

**Mr Carbon:** They will be DEC officers but they will report directly to the Waste Authority. None of these positions have been formed yet; this is a directive from the Minister for Environment.

**Hon SALLY TALBOT:** Unlike the 25 FTEs who will be DEC employees reporting to —

**Mr Carbon:** They report to the chief executive. They work in an area called the waste branch. The waste branch works on waste activities. It provides quite a few administrative functions for the Waste Authority but it does not represent the Waste Authority.

**Hon SALLY TALBOT:** Is this a solution to the problems that you were indicating?

**Mr Carbon:** It is a lot better than where we were three months ago.

**Hon SALLY TALBOT:** I move directly to this 300 per cent increase that was flagged in the budget. Was that a recommendation of you or the Waste Authority board to the minister?

**Mr Carbon:** No, it was a decision of the government. The authority was informed of that just days prior to it going to Parliament.

**Hon SALLY TALBOT:** Had the Waste Authority or you as the chair made any recommendations about increases?

**Mr Carbon:** We had made a decision. The procedure under the act is that in order for there to be a change in a levy we go through a really unusual administrative structure whereby the authority makes a decision and the authority then recommends the Governor to make that. The authority had made a decision that the levy on inert waste should increase from its current level to about double where it is now. That coincided with a delay while the authority considered that for an extra six months, but the authority made no recommendations about any of the other levies.

[2.00 pm]

**Hon SALLY TALBOT:** Were you working to a schedule of increases? I remember when we debated the bills there was talk of a schedule of projected increases over a number of years. In other words, there was always an acknowledgement that the levy had been set low at the beginning.

**Mr Carbon:** The schedule went approximately, for all three categories, towards \$11 a tonne. That was done at a different rate. For example, the inert levy had been held at \$3 and was intended to go to \$7 as of 1 July; originally it was to be 1 January. That was then to progress through \$7 and \$9,

with the expectation that everything would end at \$11. That took about three years out, whereas the others had been started at a higher level and were progressing at a slower rate to get to the same end point.

**Hon SALLY TALBOT:** Am I correct in understanding that the level of the levy can be increased by regulation and does not require an amendment to the act?

**Mr Carbon:** That is correct. The way that the act is written—I am specifically referring to the act, as opposed to the bill that is being introduced—creates the capacity to make changes to the regulations based on a decision of the authority, after a particular process. The authority's recommendation goes directly to the Governor.

**Hon SALLY TALBOT:** Can we now talk about the bill that was introduced a couple of weeks ago. What changes will the bill make to that recommendation process?

**Mr Carbon:** The bill that has gone to the house has in it a change from the Waste Authority to the Minister for Environment being the decision maker on changes to the levy.

**Hon SALLY TALBOT:** Was that change recommended by you or by the Waste Authority board?

**Mr Carbon:** It was a decision of the government. There is a package of changes in the bill that is part of the budget processes; it came to us as part of the budget papers, and they were decisions of government in the absence of input from the Waste Authority.

**Hon SALLY TALBOT:** Was there any other consultation, that you are aware of, with other stakeholders about the increase in the levy or the other changes contained in the bill that we have not talked about yet?

**Mr Carbon:** I cannot answer that; I do not know. The Waste Authority is not involved in other consultations.

**Hon LJILJANNA RAVLICH:** In relation to the waste management landfill levy, is it true that the money actually goes into the waste avoidance and resource recovery account?

**Mr Carbon:** Yes, that is the way it is now.

**Hon LJILJANNA RAVLICH:** I will just ask you some questions in relation to that account. Firstly, how much is currently in that account?

**Mr Carbon:** I do not know, because it is the end of the financial year, and it is rolling over very quickly. A month ago there was a little less than \$15 million in there.

**Hon LJILJANNA RAVLICH:** Is all of that unallocated, or is some of it allocated?

**Mr Carbon:** Approximately two-thirds of it is allocated in terms of particular functions, but that two-thirds will not be spent in this financial year. That was the budgeted amount.

**Hon LJILJANNA RAVLICH:** That leads me on to the next point, but I think you may have already answered in response to Hon Sally Talbot's question. If there is so much money in that resource recovery account, why has the landfill levy been increased by 300 per cent? Do you know whether the minister was aware of the amount in that account?

**Mr Carbon:** Certainly the minister was aware of the amount in the account, but there are three things I should say about that. Firstly, the levy has gone through different guises under the Environmental Protection Act, so it switched over into the Waste Avoidance and Resource Recovery Act virtually unchanged. Throughout that time there have been two advisory bodies; the last one was called the Waste Management Board, and I do not think the previous one had a particular name. Each of them have been very public in their expectations that the moneys be spent in two different ways. Firstly, that there is operational money to be spent on grants, research and support for day-to-day things. Secondly, money has been going into a nest egg, which was accumulating to the stage of being able to make contributions to infrastructure; for example, if the

state wanted to construct a glass bottling plant or to do something more permanent about managing waste oil, the nest egg would be available to fund it. The nest egg was building up, and the expectation was that around this time it would be big enough to make sizeable contributions, in the region of \$7 million—that sort of package.

The other thing that happened was that when the last act was passed there was a requirement that in order to spend money there should first of all be a state waste strategy and a process in place for it to run. That process was to be about 18 months long. After the waste strategy there was to be a business plan, and once the business plan was in place the money could be spent. Unfortunately, the 18 months in between was limbo-land. It has been inordinately difficult to spend the money that the authority would like to have spent over the past year; it has been clumsy at best.

**Hon LJILJANNA RAVLICH:** Do you agree that most local government authorities and ratepayers are also in limbo-land as a result of the decision by the Minister for Environment and the Treasurer to delay introduction of the levy by six months?

**Mr Carbon:** I probably cannot comment on whether people are in limbo-land.

**Hon LJILJANNA RAVLICH:** Fair enough. Can you comment on whether you have been approached by the Western Australian Local Government Association in respect of the problem that now faces many local governments?

**Mr Carbon:** Yes, the Waste Authority certainly has been approached by WALGA, and indeed by several local government agencies. They have said that they would like some certainty about what they are doing in the relationship between the levy and the rates that they charge.

**Hon LJILJANNA RAVLICH:** Has the complexity of the issue been made clear to you in the sense that many of the rates have now been printed with the increased levy? It is now difficult for many local governments to pull back to what the reduced rate would have been had these levies not been increased.

**Mr Carbon:** People have actually put both arguments. There is an argument that before the decision about time limits changed, local governments already had trouble working out what they were going to do. The people who made the decision since the change have said the reverse.

**Hon SALLY TALBOT:** I want to come to the idea of “carrots and sticks”, because that is a phrase that is often used with regard to long-term waste management plans—that we need to develop both carrots and sticks. I am referring to a couple of footnotes in the budget papers. There is footnote (a) on page 888, and note 4 on page page 891. Both of them refer to the supposition that the increase in the landfill levy will create a disincentive for people to take rubbish to landfill and will create an incentive for re-use and recycling. The expectation is that the increased levy will have an effect on consumer behaviour. I would like you to make some broad comments about the nature of this “stick”, particularly in light of the fact that the out years do not show any reduction of income from the landfill levy. I would have expected, although it might be difficult to effect noticeable change among individuals within 12 months, that within 24 months or 36 months, and certainly within four years, one would be looking at an accepted decrease as an indication of the effectiveness of your measure.

[2.10 pm]

**Mr Carbon:** In the year before the Waste Authority came into being, the waste board hired a team of consultants from outside the state so that we would get different eyes to look at the history of the levy and see how effective it had been at its two objectives. One objective was to raise money to do good things; and the answer was that it had done quite well at that. The other objective was that it acts as a disincentive for people to put waste into the landfill; and the analysis was that it had virtually no effect on waste going into landfill. The recommendation that came forward to the Waste Authority was there should be a serious look at increasing the levy as a way of, if you like, correcting the failure of the straight market system. There has been a serious look by the Waste

Authority, and an expectation that over the next several years, if the objective was to dissuade people putting stuff into landfill, a significant increase was needed above where it is now. To that end, the Waste Authority has advertised for a scholarship at the University of Western Australia to find out, if you like, the elasticity of that. That is an issue of which the authority was aware, but we had not really reached the trigger point of changing behaviour significantly. It is my experienced opinion that the proposed change in the levy will be sufficient to have an impact upon two of the three streams. One stream is that associated with construction and demolition waste, and I believe that the changed levy would create an incentive for people to separate that which is really clean fill—that is, sand and that sort of stuff, which we do not need to put into landfill as we can actually reclaim with it, from the bricks and concrete and that sort of thing. I think that is likely to have a significant change, as of the consequence of the size of the levy now. There will be a lesser effect on things like metals and stuff. However, the studies show that there is not a direct link between what the consumer puts in their own rubbish bins at home and the direct charge for what goes into landfill. That link does not exist, and I would not expect there would be much change.

In my view there are two things operating right now—an increased charge, which is going to hit the biggest fraction, which is C and D waste; and we have a significant economic downturn anyway, so there is much less demolition for construction happening. One would have to be a wild optimist to think that the levy would deliver four times what it previously did—members know there is a fourfold rate increase—and very courageous to think if it is \$13 million this year, that next year it will be \$52 million and the year after \$52 million.

That was a long-winded answer. I am sorry about that, but I think it is a really ambitious call to say it will be \$52 million a year for the next several years. I had to explain why I said that.

**Hon SALLY TALBOT:** No; I am right with you.

**Hon KEN TRAVERS:** Are you saying that you expect the revenue to decrease over forward estimates?

**Mr Carbon:** Yes—for two reasons.

**Hon SALLY TALBOT:** You are actually saying that you do not expect the revenue to increase this year to the projected extra \$39 million.

**Mr Carbon:** No.

**Hon SALLY TALBOT:** Is that figure inflated?

**Mr Carbon:** There are two things: first of all, it will now not be there for six months of the year, and there has been a significant decrease in demolition associated with construction in the second six months of the year. It is a changed world. Secondly, I think that the amount we are talking about in terms of the proposed levy should be sufficient to make it worthwhile for people to separate the C and D waste, which they were not doing before.

**Hon SALLY TALBOT:** They are the sticks, are they not?

**Mr Carbon:** Yes.

**Hon SALLY TALBOT:** That is, the increase in the levy. Obviously one of the things that is of enormous concern not only to the opposition—certainly in the sense that the Labor Party introduced the waste avoidance and resource recovery bills in first place, so we are a bit resistant to this change—but also to local government is the potential increase in illegal dumping. Can you talk a bit about the carrots? It seems to me that we are singularly devoid of carrots in this strategy that is emerging.

**Mr Carbon:** The Waste Authority is not involved in the question of illegal dumping. The coercive part is the departmental part.

**Hon SALLY TALBOT:** Yes, and I will come to that in a moment. I understand that.

**Mr Carbon:** I would not have thought that the strategy is devoid of carrots. In fact, the recent decisions of the Waste Authority—by “recent” I mean in the past couple of months—has related to a significant investment in programs for recycling and management of electronic waste, which is a really big issue for local government. Secondly, provided industry comes to the party, we have committed about one and three-quarter million dollars towards getting glass out of recycled waste. That is because glass is a contaminant that stops people using lots of the organic by-products. Thirdly, we have put on the table to both local government and to industry that we would like to look at some equalisation scheme that we would help drive over the next five quarters to help them through the downturn now. It would be critically sad if all of the cottage industry infrastructure that sits behind waste recycling crashes just because we have that downturn in price. I am looking at \$5 million or \$6 million out of all of those things, and that is meant to help local government. Local governments are the heroes of waste management. It is really to help them through the situation that is coming up.

I would love to think that we could get to the stage that the federal government would pick its end up and do the bits about, first of all, controlling the import of wastes, as most of packaging waste is imported, and, second, to provide mechanisms whereby the states can have an upfront charge on things like oil, tyres and batteries—all of those things which become the problem waste. We are doing pretty well on the big stuff like organic matter, but we need to get these trouble bits out.

**Hon SALLY TALBOT:** I have just one more question to finish this line of questioning. When I talked about carrots, I was thinking of two other provisions of the WARR act that mentioned container deposit systems and extended producer responsibility. Again, I understand that the basic provisions of those two schemes, potentially, are laid out under the WARR act and would not need legislation of their own to enable them. I am very surprised, if the government is talking about some sort of overarching waste strategy that will take us through the next decade, that we have heard nothing about either extended producer responsibility or container deposits.

**Mr Carbon:** I obviously did not explain my last answer well enough—in particular, the bit about having up-front charges on problem things in order that they can be managed. To me, that is the fundamental message of extended producer responsibility. I see that a container deposit scheme is one model that could be used for packaging. I think it is used very successfully in South Australia, but there are other models. This package that we talk about is in the draft of the state strategy, which is now with the minister; and the minister is considering that for release. When that is released, it will go out for 12 weeks’ minimum public input. The questions the member asks are fundamental parts of the package that is looked at as part of the waste strategy.

**Hon SALLY TALBOT:** Is that draft strategy with the minister now?

**Mr Carbon:** Yes.

**Hon SALLY TALBOT:** Do you know how long it has been with the minister?

**Mr Carbon:** It has been with the minister in different forms off and on for about three and a half months. The minister has asked us to consider having a package that covers whether the legislation goes one way or whether it goes another way, because some things interact with the legislative provisions that are in Parliament now.

**Hon SALLY TALBOT:** This is the legislation that will take at least 75 per cent of the money away from the waste account.

**Mr Carbon:** There are probably two or three parts of that strategy that it would potentially impact upon, depending upon what Parliament decides about that bill.

**Hon SALLY TALBOT:** Is there going to be a plan B?

**Mr Carbon:** The minister has asked us to make sure, whichever way Parliament decides, that we can advise her promptly on what should be in that package.

**Hon SALLY TALBOT:** Does that mean that the release of the draft waste strategy will be delayed until the legislation goes through Parliament?

[2.20 pm]

**Mr Carbon:** I do not know the answer to that question; it is with the minister.

**Hon LJILJANNA RAVLICH:** Have you met with the minister to discuss the state waste strategy?

**Mr Carbon:** Yes.

**Hon LJILJANNA RAVLICH:** Did you seek a meeting with the minister prior to the budget to discuss the state waste strategy?

**Mr Carbon:** Yes, but it was not budget related; it was coincidence that it was before the budget.

**Hon KEN TRAVERS:** You were saying that the minister has asked you to give two options in terms of depending on what Parliament decides. Are we talking about the options being whether Parliament allows for the money to be used for purposes other than waste management, or are we talking about some other options for Parliament to choose? Are you talking about whether the bill gets up or is defeated in the Parliament or are you talking about the potential for two different options to be put before the Parliament?

**Mr Carbon:** I will run through, from memory, some of the things I think are in the bill now that will require different consideration. Part of the waste strategy talked about what the Waste Authority intends to do in terms of future development of the levy—to whom it should apply, how much it should be and all those sorts of things. If with the passage of that bill Parliament decides that it becomes a decision for the minister, as opposed to the authority, then the role of the authority will change and that strategy will change. That is one change that I think is fairly obvious. The other part of the strategy is that it refers to whose role and function it is to do which things. If, as proposed in the bill, the income to the waste account is virtually fixed at \$13 million, it will change the horizon for what the Waste Authority can do in terms of infrastructure. But it opens the door for other people. Those sorts of things need to be considered so that those who are providing input know what is on the table.

**Hon KEN TRAVERS:** I do not want to get picky, but, in the first instance, is it not up to cabinet to determine what legislation is passed. Those choices that cabinet should make should be about what it introduces into Parliament rather than what choices Parliament makes. At this stage, this is where it would be at, because those options have not been put before the Parliament. I imagine that Parliament will get only one option: to either accept or reject.

**Mr Carbon:** Yes. I am sorry if I got that wrong too. The Waste Authority produced a draft strategy before the budget process and gave it to the minister. The minister has to give it a tick so it can be released and given feedback. Then the bill arrived without the authority knowing about it. Several parts of the strategy are now out of step with what is in there. The Waste Authority cannot make an assumption that this is what Parliament will decide. We cannot prejudge.

**Hon KEN TRAVERS:** I understand that.

**Mr Carbon:** We are just saying that, if the bill goes as it is, this is what the strategy looks like. If the bill does not go, that is what it was previously.

**Hon KEN TRAVERS:** They are the two options: the bill that is in the Parliament or the status quo.

**Mr Carbon:** Yes.

**Hon KEN TRAVERS:** I was getting confused that there was potentially a third option.

**Mr Carbon:** No.

**Hon KEN TRAVERS:** I refer back to your question if I can about the \$39 million and the fact that, in your view, both for this year and in the out years, for a combination of reasons, I think it would



be fair to say from what you have said, the figure of \$39 million will not be achieved by the government. I know you were directed by government, but after the government directed you, were you invited to comment on whether the figures you had been given were viable?

**Mr Carbon:** No.

**Hon KEN TRAVERS:** Have you advised the minister of your concerns that you do not expect those figures to be achieved?

**Mr Carbon:** I have indicated to the minister that just the mechanisms and timing were such that—the thing is done quarterly—just because of the timing of getting through regulations and gazetting and all that, I thought it would be a very tall order to get the first quarter in any way.

**Hon KEN TRAVERS:** When the minister decided to cancel it for the next six months, were you on track to have got those matters into the Parliament in time for 1 July?

**Mr Carbon:** The Waste Authority—this is in our public minutes—within a week of being asked by the minister to consider and make a recommendation, had done that, so that was with the minister. That then is still required to go through whatever processes to get it to the Governor in Executive Council, gazetting and all that.

**Hon KEN TRAVERS:** I understand that, but you just said that you did not think that you would be able to get it done in the time. Prior to the minister making the decision a week ago now to cancel the levy for the first six months, six days ago were you on target to have met the 1 July deadline to have the gazettal through and all done by 1 July?

**Mr Carbon:** That is not something the Waste Authority does. The Waste Authority puts its decision to the government into the system and it then has to go through three different processes to get ticked off.

**Hon KEN TRAVERS:** You say that after the minister had requested it, the Waste Authority gave advice to the minister. Obviously, that was the advice to support the 300 per cent increase.

**Mr Carbon:** Yes.

**Hon KEN TRAVERS:** At that time, regarding the ability to gain the revenue streams listed in the budget, did you voice concerns that you would not be able to make that amount of money this year and in the out years?

**Mr Carbon:** It is not that I could make it.

**Hon KEN TRAVERS:** The authority.

**Mr Carbon:** I have advised the minister that, because of the downturn in the economy and what I expect would be the elasticity that would be associated with the increased charge, I thought the \$52 million would not be delivered in terms of the budget. But the bit that is the authority's business is that the authority's allocation within the bill is for 25 per cent of the budgeted amount, not 25 per cent of the actual amount. Twenty-five per cent of the budgeted amount is still \$13 million, and that is the amount that is the authority's business to worry about managing. But I have provided the advice to the minister that I think the full \$52 million would have been a stretch. It will not happen now anyway because we have six months when it will not be increased.

**Hon KEN TRAVERS:** When did you give that advice to the minister that you thought it would be a stretch?

**Mr Carbon:** Maybe two weeks ago.

**Hon SALLY TALBOT:** Before she announced the deferral?

**Mr Carbon:** Yes.

**Hon KEN TRAVERS:** The reason for me asking these questions is that I have a number of concerns about the elasticity of the figures in the budget, for want of a better term, not in the way

you are talking about—probably rubbery would be a better term. I am trying to find out how we arrive at these figures that go into the budget if the agency that has the knowledge and expertise about things such as the achievability of the figures was not consulted, and about what then happens if, after you are given an ultimatum for what you have to achieve as an organisation, you are also still in the position to be able to say to the minister, “Hang on, we still don’t think we can achieve what you are putting to us.” I think that is a serious issue that we as a committee need to address. That is why I am trying to find out exactly what was the process and the timing and the government’s knowledge about the achievability of these figures.

**Mr Carbon:** This is about normal budget processes. The size of the figures is determined by Treasury and Treasury provides that advice to government. It goes into the papers that are published at budget time. With the exception of the chief executives of departments, nobody else knows about them.

**Hon KEN TRAVERS:** My experience is that Treasury might do the figures but it does them in consultation with the line agencies to determine their validity. From what I am hearing from you, that did not occur on this occasion prior to the decision —

**Mr Carbon:** Not with the Waste Authority. It may have been done with the chief executive of the department. You are right; that usually happens, but Treasury did not come anywhere near the authority.

**Hon KEN TRAVERS:** If it is a levy under the Waste Authority, would it not need to be through the Waste Authority rather the CEO of the department?

**Mr Carbon:** I would think that was an option that Treasury could decide for itself.

**Hon SALLY TALBOT:** Would you say that the Waste Authority’s relationship with DEC is cooperative?

**Mr Carbon:** On some issues, yes

**Hon SALLY TALBOT:** Which issues?

**Mr Carbon:** I think it is cooperative with delivery of authority programs.

**Hon SALLY TALBOT:** Which is part of your charter.

**Mr Carbon:** Yes. I think that there is a difficulty with many environmental issues where the agency that is accountable for coercive control, prosecution, licensing and that sort of thing is also the agency that is nominally seen as the champion of—the encourager.

[2.30 pm]

There is a difference of opinion—I think a healthy difference of opinion—between the Waste Authority, which sees its task as promoting the wise management of waste, and the agency, whose primary job is controlling waste. There is a difference between operation and controlling. So, we get some quite significant differences, but I think that is a proper part of government, to be honest.

**Hon SALLY TALBOT:** Okay. That leads me to the next line of questioning I want to take up, which is the role of local government. You have already described local governments as the heroes of waste management.

**Mr Carbon:** They are. They have done brilliantly in most cases.

**Hon SALLY TALBOT:** Indeed. I want to talk first about the existing system. Up until the proposed changes to the system, how much of the \$13 million went back to local government, and what did it go back to local government for?

**Mr Carbon:** If I can use as a round figure the about \$15 million that we thought was going to happen this year—it is going to be less than that, for various reasons that we have discussed—local

government was to receive, under five different schemes, just less than \$5 million of that in joint programs this year.

**Hon SALLY TALBOT:** So about one-third?

**Mr Carbon:** Yes, close to that. That is everything, from funding them to do joint waste management plans between different local governments, through to household hazardous waste, or management of waste oil collections in all the regions, and a regional funding program. The Waste Authority has offered to local government that they first of all put in place a plan for how they are going to manage waste in the future. When they have done that, they can come along and say, "This is the infrastructure or the things we need to make this plan happen." There is a formulaic approach that says everyone is entitled to a certain amount. It is about \$5 million a year.

**Hon SALLY TALBOT:** This is of necessity a hypothetical question, but if your income had gone from \$15 million to the close to \$52 million that had been anticipated, how would that have affected local government? Would local government still have received about one-third?

**Mr Carbon:** No. The authority has actually looked at that and discussed it with local government. We did not see the direct payments to local government as increasing. In fact, we had come to an agreement with local government where we had said, "This is about the ceiling that we have got, and we are going to keep it that way, so you tell us what your priorities are within that, but we would like to do the things that we have all collectively talked about doing, such as managing glass, because glass is a very expensive thing for everyone to manage", and they seemed happy with that. So, that would be the provision of facilities that would help all. It would not be direct moneys going to local government. The second thing on their list was electronics waste, because that is expensive and contaminating. So, some money would go into that, and that would alleviate some of the costs that local governments have now, but it would not have gone directly to them.

**Hon SALLY TALBOT:** Do you think there is also a sense in which that increased funding could have been used to address the problem that has been identified, not just by the Waste Authority but by a number of different stakeholders, about this slightly piecemeal approach that we have in this state at the moment, where some excellent programs are being run at the local level but there is very little coordination statewide?

**Mr Carbon:** I think there is a need and a desire to coordinate the in-advance stuff. I think that we are actually in pretty good shape for waste management for the next five to eight years, but planning for infrastructure after that is something that collectively the system will have to fund somehow. The second part of it is that you get this constant discussion about are we going to have some prescribed mechanism from a central agency to say this is what you are going to do, or do you let the managers decide. I am strongly of the view that most of the knowledge is actually with the people who manage it. I would be uncomfortable with the view that even the Waste Authority would start dictating to people about how they manage these things.

**Hon SALLY TALBOT:** It just seems to me that the opportunity is being missed for this sort of co-investment. You have referred in one of your previous answers to that sort of contribution to investment—that role that the Waste Authority might have played. How do you see the future of that? Are you aware of any projects that have been put on hold as a result of the suspension of the increase in the levy?

**Mr Carbon:** No. I do not see any projects that have been put on hold.

**Hon SALLY TALBOT:** Are people coming to you with plans asking for co-investment? Is the Waste Authority the proper agency to approach with those kinds of plans?

**Mr Carbon:** I think the Waste Authority is, and we do have co-investment plans that come out as part of our grants system. We put about \$2.5 million in grants each year. One example is the recycling of waste wood. We co-invest with the East Metropolitan Regional Council on that. We have co-investment plans with the West Metropolitan Regional Council on some waste. The Waste

Authority has not had a problem so far with shortage of money. That has not been our limitation on delivering things. Indeed, I would not have seen the need for the Waste Authority to have extra money as a driving force to increase the levy.

**Hon SALLY TALBOT:** Another issue is construction waste. You have already referred to the effect of the downturn on that potential income. What has the Waste Authority been doing already, given that the recycling of building waste is obviously a problem when you compare Western Australian recycling rates with those in other states?

**Mr Carbon:** Landfill has three different hats. Everybody talks about rubbish dumps. The common idea of a rubbish dump these days is a well-engineered, well-lined and well-drained methane-recovered capped surface into which our metropolitan waste goes. We do that brilliantly in Western Australia now. They are engineering excellence. Outside the metro area they are awful, but in the metro area they are really good. Virtually no C&D waste goes into that. Then there is the category 63 landfill, into which you can put demolition waste and sand and bricks, but you can also put in treated sewage and a few other things. The levy on that has gone from \$1 to \$2 to \$3, so the industry really did not care, because the amount was too small to worry about separating it. What in my opinion will happen with the increased levy is that it will now be worthwhile for that industry to separate out sewage waste—anything that is potentially contamination, if you like—and it will put that into a different facility. It will not be landfill. That will be land reclamation of quarries and all that sort of thing. So I think we will see a significant displacement for the statistics of what we are calling disposal to landfill, without actually having that big of an impact on what is recycled. The problem part of our recycling is only 10 per cent of the volume. Collectively—this is aimed at me—I think we have not done well by society by saying that our major objective in life is to remove things from going to landfill. In terms of volume, it is about 10 per cent that we are interested in. We are not interested in how much of the landfill is sand. We are interested in what is the re-usable bit of it. We are not interested in separating out organic matter, because we do that really well, but we would like to have that organic matter with no glass in it, no old batteries in it and no chemicals in it. So the challenge for us going forward is not about volume. It is about re-using the stuff that is reusable and managing the stuff that is contaminating.

[2.40 pm]

We need to get more sophisticated than just saying we are going to reduce the amount going to landfill, because landfill is any one of those three different things. I am being longwinded today. I should have had a run around the block.

**Hon SALLY TALBOT:** No; it is very helpful. The impression that you are giving me is that what we are dealing with is a series of blunt instruments and what you are describing is a very complex system of interactions.

**Mr Carbon:** Yes.

**Hon SALLY TALBOT:** Can I ask you to consider whether you have a response to the question about the potential conflict of interest when the Department of Environment and Conservation is dependent on revenue from directing waste to landfill?

**Mr Carbon:** Being a long-term environment protection worker—about 25 years—this is a perennial question that gets asked and gets faced up to. Certainly, there was a big issue in Sydney where a major form of income for the EPA was the ocean outfalls. I guess government selectively faced up to the question in this state with conservation and land management and forestry income, but you then have a question of people wanting to see a user-pays mechanism. That is a hard question.

**The CHAIR:** Members, I am aware that we have some other commitments for witnesses this afternoon. Perhaps if members have additional questions —

**Hon SALLY TALBOT:** No, I am happy, thank you.

**The CHAIR:** Do any other members have additional questions?

**Hon LJILJANNA RAVLICH:** I have handed some up.

**The CHAIR:** Mr Carbon, they will be provided to you. We just ask your cooperation in responding to those within 10 working days. I do not think there is a huge number.

**Mr Carbon:** I will make sure that the people outside have got my email address; otherwise we could go round the system and it could take 10 days to get to me.

**The CHAIR:** Thanks very much for your attendance.

**Hearing concluded at 2.41 pm**