

**STANDING COMMITTEE ON  
ENVIRONMENT AND PUBLIC AFFAIRS**

**INQUIRY INTO MUNICIPAL WASTE MANAGEMENT IN WESTERN  
AUSTRALIA**

**TRANSCRIPT OF EVIDENCE TAKEN  
AT PERTH  
THURSDAY, 26 MARCH 2009**

**SESSION SIX**

**Members**

**Hon Sheila Mills (Chair)  
Hon Bruce Donaldson (Deputy Chairman)  
Hon Kate Doust  
Hon Paul Llewellyn  
Hon Wendy Duncan**

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**Hearing commenced at 2.19 pm****FRANCE, MR RODNEY****Process Consultant, Waste to Resources, GRD Minproc,  
sworn and examined:****KELSALL, MR PETER****General Manager, Waste to Resources, GRD Minproc,  
sworn and examined:**

**The CHAIR:** On behalf of the committee I would like to welcome you to the meeting. Before we begin, I must ask you to take either the oath or affirmation.

[Witnesses took the affirmation.]

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

**The Witnesses:** Yes.

**The CHAIR:** These proceedings are being recorded by Hansard. The 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 for the record. Please be aware of the microphones and try to talk into them, and ensure that you do not cover them with papers or make noise near 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 and 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 publication or disclosure of the uncorrected transcript of evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

We have not had these papers in your submissions, have we?

**Mr Kelsall:** No. That is a separate piece of information for today.

**The CHAIR:** I move that these papers be tabled and made public. Thank you for your submission. Are there any particular points in your written submission that you would like to highlight or expand on at this hearing?

**Mr Kelsall:** If I could have a few minutes, I would just like to make some opening comments, please. Firstly, I would like to thank the standing committee for affording us the time to both review the submission that we made on 13 February and also to present today.

Last October, Minproc celebrated its thirtieth anniversary. We are a proud Western Australian company that has an international reputation for engineering and project delivery, mainly in the mineral processing sector. That has mainly been our history. We have completed 220 projects globally across a range of commodities. GRD Minproc's expertise has been acknowledged in forums such as the WA Industry and Export Awards. In 2007 we were honoured with the C.Y. O'Connor Excellence in Engineering Award and the overall Premier's Award for Excellence. This was in recognition of the company's ability to see new markets. This in part refers to the fact that some eight years ago we set ourselves the challenge of diversifying our business to look into waste treatment. We approached the task from a recovery perspective, using our mineral processing

philosophy to treat waste as a valuable resource rather than a problem to be buried and forgotten about. We understood that continued use of landfill was not a sustainable economic, social or political solution.

To meet this objective required us to complete a significant amount of research into global technologies that were being developed to perform advanced waste treatment. Our first major step into the area of advanced waste treatment was the development of the UR-3R process used by Global Renewables for the Eastern Creek facility. This facility was opened in September 2004 and has provided GRD Minproc with the opportunity to sit at the front line of solving problems and challenges associated with advanced waste treatment. Currently, GRD Minproc is applying its expertise in the United Kingdom, where we are currently at 68 per cent construction of two UR-3R facilities in Lancashire. The project was won by Global Renewables following a worldwide tender process and the project scored very highly in that award on its application of technology.

The presentation we have provided today is just an overview of the Lancashire project for the committee's interest. The process design for this project has been completed in our offices in Perth. I will now give some of the key metrics about this project. It actually contains two facilities within the Lancashire County Council. The two plants receive 750 000 tonnes per annum and process 600 000 tonnes per annum. The plants will produce 44 gigawatt hours of energy per annum. There is a significant amount of recovery of recyclable materials such as steel, paper, plastic and cardboard.

If you look at page 6 of the presentation, you will note that one of the sites, the Leyland site, actually borders very close to a residential area. You will see from the aerial shot there that we have neighbours very close by. This has introduced some quite particular engineering controls and requirements with regards to odour and also noise.

In developing the UR-3R process, GRD Minproc has attempted to align ourselves with the waste hierarchy, which also underpins the requirements of the Lancashire waste partnership—an alliance of 15 local authorities. Therefore there is a big focus on education in waste avoidance as the primary drive, through to recycling, recovery and reduction of waste. The scheme also allows for the planting of 2.5 million trees over the life of the operation, which is 25 years.

If I can just again flick you to the cover of the presentation, you will see there is a circular building that is at the very front of the site. It is a two-storey building. That is actually the education centre that has been built as part of this project to educate schoolchildren on a daily basis in waste avoidance and waste recycling. It is a very, very significant part of the overall strategy. GRD Minproc believes that the experience we have gained from the full development of waste treatment facilities gives us a strong understanding of alternative waste processes and sees that this knowledge enables us to have a meaningful input into the discussions of alternate waste treatment in Western Australia.

I would just like to reinforce that we are an engineer and a constructor. We are not aligned to any particular technology. We are not a developer of sites; we work as an engineer in the waste treatment field. GRD Minproc has followed with interest the development of the Regional Resource Recovery Centre at Canning Vale. This facility, we believe, has played an important part in changing the waste management culture in Western Australia and it is important in the delivery of the state's Towards Zero Waste by 2020 vision; therefore we consider it vital that Canning Vale does not fail. We must also recognise that the resolution of the problems that may exist there may be as much a public perception issue as it is a technical one.

GRD Minproc has no doubt that if the issues with odour profile of the Canning Vale treatment plant still exist, then an engineering solution is possible. What cannot happen is for a decision to be made that commits the plant to failure. If it does, the drive towards sustainable municipal waste treatment in WA will be set back many years and the policy aim that underpins the philosophy of the Towards Zero Waste vision will be difficult, if not impossible to achieve, within the time frames set.

The strategy document developed to support the Towards Zero Waste by 2020 vision covers the waste management climate of the state, and we can confirm that the technologies do exist. The real question is whether it is backed by legislation rather than rhetoric. The document is an appropriate blueprint; however, its implementation requires strong legislative powers to achieve the required enforcement and compliance. Our experience in the UK demonstrates the impact of a set of very strong drivers to achieve the outcome.

Again, these are detailed at the back of the presentation, along with the appropriate Australian comparisons.

[2.30 pm]

**Hon PAUL LLEWELLYN:** Are you talking about this presentation?

**Mr Kelsall:** Yes, the presentation that was handed out today, and I am referring to page 10.

It can be observed that basically all significant achievements in waste management globally have resulted from legislative changes. Unfortunately, we know that good intentions will not suffice.

Again, to achieve the objectives we cannot continue to do as we have. In Western Australia we have taken a step forward, but we are not doing it at the pace required to meet the 2020 objectives. The Waste Authority needs to have the powers to introduce and implement statutory requirements. We need to recognise the need for the development of the operational criteria of these plants to ensure that a required level of environmental performance is achieved so that the plants are not seen as a hindrance to society. Again, this becomes possible in a template that has the right statutory basis.

The regional and local councils have a major issue in implementing waste treatment facilities because currently the cost is compared to the cost of landfill. Landfill is the lowest cost solution for the councils; therefore, the introduction of what will be a more expensive alternative from a gate fee perspective is a significant burden for them to carry. However, the handling of waste must be viewed more in dollar terms. When we take into account the loss of resources and the environmental impacts, such as greenhouse gas emissions, landfill is far more costly to our society.

Developing solutions at a regional council level provides the means and opportunity for the required economies of scale to be realised. However, it would be fair to say that these economies of scale have not been achieved. Once again this is primarily due to the cost of treatment being linked to landfill cost. Many different technologies are available for the treatment of municipal waste, but not one single technology would meet all the requirements. An integrated flow sheet to suit the feed stream is required. Furthermore, if the target of zero waste by 2020 is a real objective, there must be an understanding that one part of the integrated flow sheet needs to include thermal treatment.

The UR-3R process that GRD Minproc has developed can divert up to 70 per cent of waste from landfill. However, there is a residual fraction that the process cannot treat. The residual fraction is common to all alternative waste treatment facilities and includes non-organic materials that cannot be recycled by current technologies. These items include old shoes, textiles, small packaging materials, et cetera. These residuals have relatively high calorific value and are effectively used to generate power throughout the European Union. Power generation is conducted in various modern processes that have overcome the emission problems of yesteryear. As for other recyclable components of the waste stream, the embodied energy should be considered as a resource to be recovered and not lost to landfill. The 2020 document presents thermal treatment as one of the options. However, like the issue of waste water recycling I suspect that it is a step change that Western Australians would be reluctant to embrace despite the existence of safe, clean technologies for this purpose. However, if the 2020 vision is to be achieved, it must be included in the blueprint for waste treatment and the community concerns embraced as part of the process.

In conclusion, GRD Minproc welcomes the focus that is being placed on waste management in Western Australia. However, we are strongly of the view that significant progress will not be

achieved unless meaningful legislative constraints are placed on the practice of landfilling and the state government actively supports the implementation of these alternatives.

**The CHAIR:** I will take up what you said in your conclusion. What would you describe as meaningful legislative constraints? Would it be just a rise in the levy?

**Mr Kelsall:** The UK has managed it by increasing the levy to a point that if material is put to landfill without any sort of treatment, a taxation system applies.

**The CHAIR:** In your diagram reference is made to "levy". What would the levy be in the UK?

**Mr Kelsall:** The levy in the UK is about £45 per tonne.

**The CHAIR:** About \$90.

**Mr Kelsall:** Yes.

**The CHAIR:** There is a £148 penalty.

**Mr Kelsall:** That is the taxation system that is imposed if waste is sent to landfill without any sort of treatment having occurred.

**Hon KATE DOUST:** Is that on a sliding scale?

**Mr Kelsall:** It is going up over time. It is on a sliding scale that is increasing each year. It was introduced at a lower rate than that.

**The CHAIR:** What sort of reaction to the penalty was there in the UK? Was there a huge amount of resistance to it?

**Mr Kelsall:** When I got involved with the project all the announcements about the penalty system had been made and the EU targets had been implemented. The political discussion had already been had.

**Hon PAUL LLEWELLYN:** Is that driven as an EU directive?

**Mr Kelsall:** Yes, it is an EU directive.

**The CHAIR:** Somebody put forward a submission about the benefit of uniform legislation. Obviously the UK, which is part of the EU, would, in this instance, operate under a uniform system. Do you see any advantage of a uniform system in Australia?

**Mr Kelsall:** Absolutely. The UK has taken on board the EU directive. It has put its own model around how it will apply it. This scheme is being developed. It means that councils in all areas have to embrace it. If it is not done at a full state or national level there are opportunities for the system to be avoided or alternative disposal systems to be used. Landfill is very cheap in Australia; therefore, we do not give it the same regard as they do in the UK. We need to ensure that it is uniform legislation.

**The CHAIR:** It runs out in seven years.

**Mr Kelsall:** Yes, a lot of the landfill in the UK is privately owned. They actually sell the airspace and it is bid for. Effectively it is running out, so they have that pressure as well.

**The CHAIR:** How do they police it to make sure that the guidelines are followed?

**Mr Kelsall:** I do not know.

**Hon PAUL LLEWELLYN:** There are no shortage of people at gates.

**Hon KATE DOUST:** On that page you have the comparison between the two countries on PPPs. What is PFI? Is it the same?

**Mr Kelsall:** PFI is, effectively, privately funded initiatives. It is a term that is used in the UK. It is fair to say that it was originally set up predominantly for the development of schools and hospitals

in the UK. Two years ago the Lancashire project was awarded recognition as being the largest waste project operating as a PFI at that time.

**Hon WENDY DUNCAN:** We heard from some of the other presenters that in regional areas the volume of waste is not so high. I sort of got an inkling that perhaps it might be better not to have a fixation about recycling, but that the waste in smaller systems should be processed for power generation, as you suggest in your submission. Do you have views on that?

**Mr France:** Traditionally incineration, for want of a better word, has been a large-scale exercise. In recent years they have developed gasification systems that are a lot more module. I believe that you can get them down to as low as 10 000 tonnes per annum, which is a small waste stream. It would be suitable for smaller waste streams. They will still be expensive to put in. You would want to look at a regional system where waste is brought to a central point.

**Hon WENDY DUNCAN:** I am thinking of people in the regions wanting to recycle. I am from Esperance where the local council is wondering what to do with the piles of recycled material. It is too expensive to send it to Perth, but the community is dead set on recycling. I saw a ray of hope in the comments of one of the previous presenters that perhaps there is a better way; that is, not to separate the waste but deal with it on the spot to generate electricity. That could be done in an environmentally sustainable way.

[2.40 pm]

**Mr France:** We looked at a couple of projects in the UK, and they have very much gone down the route of thermal treatment to the point of burning the organics as well. The up-front resource recovery took out the metals and the more easily recoverable materials, such as the glass and so forth, and then it took out the organics and dried them with a biological drying system, and then blended that to give a constant feed to a small scale thermal facility—a fluid ice-bed, a burner or a gas fire.

**Hon WENDY DUNCAN:** Your submission indicated there is, I guess, almost a mental block about thermal processes in that people immediately think of carbon going into the atmosphere. Obviously, we need an education process.

**Mr Kelsall:** A very big education process is needed. What we found in the UK is the terminology and use of the word “incineration” is something that refers to the old plants that used to receive all material for bulk incineration to burn the waste and to produce power. In the modern process, they talk about energy from waste; they break into fractions to get the best recovery that they can. Some of the projects that Rod just mentioned are single facilities receiving 600 000 tonnes of waste. If we put that into some perspective, Lancashire has two facilities that receive a total of 750 000 tonnes. That is the waste generated by 1.4 million people in Lancashire. We are talking about big facilities that produce a lot of power. I think we are talking about a net export in the region of 40 megawatts of power.

**Hon PAUL LLEWELLYN:** You said that it was 40 gigawatt hours.

**Mr Kelsall:** Gigawatt hours annually. That is the total power production from our facilities.

**Hon PAUL LLEWELLYN:** So you have a 40-megawatt generator?

**Mr Kelsall:** No. In our —

**Hon PAUL LLEWELLYN:** It does not matter, I can do the calculations.

**Mr Kelsall:** We generate about two megs.

**Mr France:** Ours is from anaerobic digestion.

**Mr Kelsall:** It is not from burning; it is from anaerobic digestion of the organic product.

**The CHAIR:** Is it your technology that WA has used?

**Mr Kelsall:** We built Eastern Creek.

**The CHAIR:** Is that the Campbelltown facility?

**Mr France:** No. There is one at ArrowBio: that is Israeli technology down at Jacks Gully. That has just been commissioned now.

**Mr Kelsall:** And Eastern Creek is a bit further on from Parramatta.

**Hon PAUL LLEWELLYN:** It was not built?

**The CHAIR:** No, it was not completed.

**Mr Kelsall:** GRL operated that until recently; its ownership has just changed hands.

**Hon KATE DOUST:** When is that due to be commissioned?

**Mr Kelsall:** That was opened in September 2004.

**Hon PAUL LLEWELLYN:** Can we go back to the regulatory propositions, because you seem to be very clear about how you would like the industry to be regulated. Give us another brief description of where you would put this regulatory stuff in your model—talking about administering the levy. Where would you put the levy? Where would the money go? Which agency would be doing this advisory service and improving the technical expertise and so on?

**Mr Kelsall:** A few stages need to be developed. We are saying, as an outcome, it needs to be at minimum a state-controlled objective in order to set up a uniform system; also, you need put in place the appropriate engineering controls, environmental controls, and everything that would be required to ensure the plants are delivered to a certain standard so that they do not end up becoming a hindrance to the public. That is always one of the key issues with any waste treatment facility. For the plant, basically, to deliver its process, we would see a gate fee established and the councils would effectively pay to deliver their waste to the processing facilities.

**Mr France:** It is very much, as we were discussing before, an essential service-type situation in which you create a waste authority similar to a water corporation, and maybe people pay waste rates to fund the treatment facilities. We should let councils collect the waste and charge for the collection, but let the waste authority run the AWTs. They would be paid for by a levy or a rate, if you like, in the same way that we pay for water rates. That is a potential model.

**Hon PAUL LLEWELLYN:** What do you think about the management of the commercial and industrial, and construction and demolition waste streams?

**Mr Kelsall:** We see that as an important next step. We looked at this one, particularly for municipal waste, but the management of construction and demolition likewise are pretty simple processes that can be implemented. I guess the beauty of this process, if construction and demolition waste is treated properly, is that the value of the site afterwards will not have deteriorated because it has no organics and the land can be returned fully to any other commercial or domestic use. Meanwhile, you can also recover some valuable materials from it, predominantly steel, I guess.

**The CHAIR:** How would you do it, if it is that simple?

**Mr Kelsall:** There are a couple of existing plants. Rod has been looking at a flow sheet for a client recently.

**Mr France:** I saw a facility in Amsterdam that was treating 1 500 tonnes an hour of construction and demolition waste and using it to make road base, sand, and also recovering the steel.

**The CHAIR:** So why do we find it so hard?

**Hon PAUL LLEWELLYN:** Because it is cheaper to put it in holes.

**Mr France:** One of the reasons is you cannot get acceptance for the products. One of the main off-takes is road-base product. Government authorities like Main Roads will not accept it; they consider

there is too much risk associated with using that product compared with virgin material. They would rather pay slightly more for virgin materials than use a recycled product, even though you can prove it has the same specs. They have this idea in their head that there must be a little risk. I am sure that they have their own good reasons.

**The CHAIR:** There is no scientific basis to their mindset?

**Mr Kelsall:** It is used in Europe. I guess the one issue we face in Australia is that the cost of virgin materials is still relatively cheap. We have so much land that landfill is cheap, and so there is no imperative to make those decisions, if that makes sense.

**The CHAIR:** Hence the penalty regime, which would basically force people into —

**Mr Kelsall:** That would be the case with municipal waste. When you roll it back and look at its logical conclusion and people see the disposal of waste as costing them something—because at the moment they do not see it costing them anything—then they think a bit more about what they put out as rubbish. It will bring the focus home so that people minimise the waste they create. It is part of a total process. The hierarchy for waste management that has existed for a while gets prodded and pushed a number of ways, but it is still rock solid as the appropriate focus: first of all, avoidance; then trying to achieve sensible recycling.

**The CHAIR:** It is a mindset in that people do not think there is a cost. They do not see that the cost is a medium to long-term cost and that it must be borne at some stage.

**Mr Kelsall:** We have the same debate over water in Western Australia. WA is a very, very dry state but people still see our water as cheap, so it does not actually hit home.

**The CHAIR:** As soon as you put the cost up everybody starts screaming.

[2.50 pm]

**Mr Kelsall:** This is where it becomes a very difficult political decision. If that decision sits at council level, and they are seen to be doing it by themselves, it is not a decision that councils will easily embrace.

I will use the example of the plants that we are building at Lancashire County Council. On the projections done five years ago, the council said our facilities needed to be sized to allow for 170 000 tonnes of household waste to be fed to each facility per annum. One of the things the scheme kicked off early was the education process. There was a lot of talk about what it would cost for waste disposal and treatment. The most recent projection is that it will be 140 000 tonnes rather than 170 000 tonnes. That will not require on them paying more yet; it is purely education that people better start looking at minimising their waste because it is going to start costing them. At the end of the day, it will probably make no difference to the average householder and what it costs to dispose of their waste because they have an attitude of minimising their output or the waste they create.

**Hon KATE DOUST:** In both of your documents, you made reference to the SMRC and offer the information that you think engineering solutions may resolve the issues that have been at play down there for a while. It is interesting to see the various matters you have outlined. Have these options been put to the SMRC?

**Mr Kelsall:** I do not know of everything the SMRC has done there. I know it has done an upgrade of the biofilter. Roger has had a closer look at some of the works.

**Mr France:** Yes, they have up graded the biofilter and the fan system.

**Mr Kelsall:** You can see from the picture on page 6 of the presentation that everything happens inside the facilities at Lancashire. The trucks drive in; they do not even manoeuvre outside. They come into a receival area and do their manoeuvring inside. Everything is done inside. All those facilities are under negative air pressure. First of all, there is a double air block, one set of doors

open and the trucks goes in; it manoeuvres and then reverses to dispose of its waste and the second door opens. That is one protection. The other protection we put in is the facilities being under negative air pressure. When the doors shut, what is inside the building does not want to run out; it sucks in fresh air. All that air is collected through a system. If you have been to Canning Vale and seen the size of its biofilter—I refer you to page 6—between the two long buildings you can see there is a concrete structure in between the buildings that goes the full length. That will be the biofilter for Lancashire, and is 220 metres long.

**Hon PAUL LLEWELLYN:** The overwhelming sense we had, looking at other biofilters in other places was that SMRC was probably a bit small. What is the throughput?

**Mr Kelsall:** The throughput in that plant is 600 000 tonnes for the network, so 300 000 tonnes per facility per annum.

**Mr France:** Of that, only 170 000 is MSW and 55 000 is green waste.

**Mr Kelsall:** With seasonal variations 62 500 for green waste.

**Mr France:** The rest is recyclables.

**Hon KATE DOUST:** What is the distance between the nearest residential area and the building?

**Mr Kelsall:** Residents are around about 150 metres away.

**Hon KATE DOUST:** What sort of community consultation occurred?

**Mr Kelsall:** There was massive consultation and it still happens.

**Hon KATE DOUST:** Do you have a focus group?

**Mr Kelsall:** The community formed a group which calls itself RAWs—Residents Against Waste Scheme. A monthly consultation happens between the local authorities that are formed. We attend, as do representatives from some of the other councils and some of the residents. It is fair to say that the residents do not like a major infrastructure project being built in their backyard. But the consultation with them has happened on a one-monthly to six-weekly basis for the past two years since we have been involved, and it occurred beforehand. They watch the site. We have extremely tight restrictions on our working hours and the noise we create and when we can create it.

**Hon KATE DOUST:** Is it 24/7?

**Mr Kelsall:** No. On this site near the residents, we cannot do any heavy construction on a Saturday either. It is a bit difficult to see, but on the aerial shot between the residents' housing and the buildings there is a bit of a brown earth mound. That is an acoustic embankment that we put in at the site at the beginning to try to prevent any noise being transmitted across to the residents. That also is now being seeded and treed, so by the time we finish, a lot of the plant will be screened from the residents as well. Community consultation and making some changes to the scheme to try to take care of or appropriately manage the concerns of the community has been a constant consideration on this project.

**The CHAIR:** Because of the negative air pressure, there are no odour problems.

**Mr Kelsall:** That is the design. There will not be odour problems due to the negative air pressure. We have a massive air treatment process. What is not on there yet is, rather than having an open biofilter we have enclosed it and the air that comes off the biofilter will be accelerated rather than just come out under its own pressure, so that it will lift clear of the site and we will get a better disbursement of the air. We do not think we will have an odour issue, but it is another safety factor.

**Hon PAUL LLEWELLYN:** Will you put in a stack and pump it up?

**Mr Kelsall:** Yes. The stacks sit about the same height as the eaves of the building, so we had to achieve an exit speed of about 15 metres per second to get the right height on the air.

**Hon PAUL LLEWELLYN:** Is that done thermally?

**Mr Kelsall:** No, it has induced fans; it is mechanically forced.

**The CHAIR:** Would that be an option for Canning Vale?

**Mr Kelsall:** If there is still an odour profile issue there, yes it would. We did all the modelling. There is modelling for air dispersion based on prevailing winds. All those models were done as part of the design for this scheme.

**The CHAIR:** Would that be an expensive option for them down there?

**Mr Kelsall:** For this project the biofilter is open compared to the biofilters with covers, stacks and fans added about £4.5 million to the total project. You are talking about biofilters of 220 metres long—a lot bigger area than there would be at Canning Vale.

**The CHAIR:** In the scheme of things, given it has a valuation of \$110 million or \$115 million, that would not be an expensive option if it were feasible.

**Mr Kelsall:** If there is still a problem.

**The CHAIR:** Yes.

**Mr France:** \$10 million or \$15 million. It would not cost them that much.

**Mr Kelsall:** It would be significantly less because it has smaller biofilters.

**Mr France:** One of the problems is that it would have a fairly high operating cost because of the power to blow the air through. We recover energy through our anaerobic digesters, so we can pay for a lot of our power—not all of it mind you—whereas Canning Vale does not have that option.

**Mr Kelsall:** The pictures on page 8 show the percolators that are installed at the Thornton site where we produce the percolator that then goes into the digesters. This is the organic fraction that goes into the percolators and then into an anaerobic digestion to produce the methane, which is then cleaned to produce power. For this site, about a third of the power required to operate the facility is generated by the process.

**Hon WENDY DUNCAN:** The facility is not yet up and running?

**Mr Kelsall:** No; we are at 60 per cent construction overall. The first facility will start its commissioning in February next year and then we will go through a 12-month ramp up to a full service commencement at, say February 2011 for the first one, and the second facility will follow six months later.

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[3.00 pm]

The amount of technical review that we have had on the process of the design has had external German consultants and others look at it all on behalf of the Lancashire County Council, so it has gone through significant due diligence and review.

**The CHAIR:** Who owns the land?

**Mr Kelsall:** The land is actually owned by, effectively, the Lancashire County Council, through their land development group. The other thing this project has been used to do is refurbish old brownfields industrial sites. They thought that if you are going to be dealing with waste, you should not be using virgin greenfields land. That land in the aerial shot in the picture there, the site is in Leyland. The land that that is on is actually built over the top of the old Leyland truck test track. The old Leyland truck factory, which is still in operation, is just across the road from us. The other site has been built on part of the land that was the old ICI facility just east of Blackpool.

**Hon PAUL LLEWELLYN:** I just want us to go back. I am fast getting fascinated by Lancashire, but that is not why I am here. I want to go back to the regulatory stuff just for one minute, if that is okay.

**The CHAIR:** Sure.

**Hon PAUL LLEWELLYN:** You talk about there being a significant penalty and so on. I notice in your submission you also talked about the landfill allowance trading scheme.

**Mr Kelsall:** Yes.

**Hon PAUL LLEWELLYN:** Could you give us a bit of a rundown on that because that is a regulatory framework or scheme that allows people to effectively put a value on waste and trade certificates, is it not?

**Mr Kelsall:** Yes, they can.

**Mr France:** It is like carbon firm, is it not? The east council has got an allowance of how much they can landfill each year. If they exceed that, then they cop the penalty. But some councils have got a bigger allowance than others and plenty of airspace and they can trade them between councils. Someone who has run out of land space can actually trade —

**Hon PAUL LLEWELLYN:** So the advantage is that you become an effective reducer of your waste and manage it well, except if you are burning it completely.

**Mr Kelsall:** And then they have something to trade off.

**Hon PAUL LLEWELLYN:** And then you would be able to sell your landfill rights to another council.

**Mr Kelsall:** If you do get hold of some of the English press, you will see that is what the councils are currently doing. The councils that feel as though they are behind the eight ball as far as their time frame are actually now trying to buy from other country councils and do some trading.

**Hon PAUL LLEWELLYN:** You can turn your waste into air through combustion. Does it hold the danger that you do not actually do full recovery?

**Mr Kelsall:** That is a very good point. But the EU regulations actually talk about a certain percentage of recyclable has to be recovered.

**Hon PAUL LLEWELLYN:** So they have targets in association with that.

**Mr Kelsall:** What we see is that that has been pushed to the limit by some of the councils. We feel as though they are going to be pulled up on that, because certainly the objective is to maximise the recovery of materials, and then energy, of your residual product.

**Mr France:** They brought out another initiative just last year, I think it was, where they basically said to all countries in the EU, “You’ve got to meet at least 50 per cent diversion from landfill by 2013” I think it was, or 2015.

**Hon PAUL LLEWELLYN:** But you also have to meet recovery targets as well.

**Mr France:** Yes.

**Hon PAUL LLEWELLYN:** Because having a diversion from landfill and putting in a big levy could have the perverse outcome that you actually do not get recovery; you just get conversion into waste. There is this distinction that we have to make that if you increase the levy, you have also got to have other targets. Otherwise, people will just burn everything and that will cause another problem and we will not be here discussing odours; we will be here discussing PCBs or some other nasties.

**Mr Kelsall:** Just on that, an interesting trend that we saw in the UK last year was that a lot of schemes were talking about a similar process to focus on recyclable recovery and production of compost and that sort of thing. Then when the oil price absolutely spiked last year, these councils started to do a turn of thought: let us rejig the scheme to try to maximise the energy recovery from that. And because all the consultation they had had was based on a process flow—as we have discussed, it is mainly focusing on recovery and recycling—they have hit themselves head-on into

public protests now because it is not what people understood was going to happen. The whole education process is very important. I think of what has just been mentioned with regards to making sure you set diversion targets, but you also, within that, are quite clear about what you expect on recycling. It needs to be two pronged; otherwise we will not achieve the long-term objective, which is all about getting the best reuse of the materials that end up going to waste facilities.

**The CHAIR:** Just quickly, are you of the view that these AWTs are better managed by experts in this type of facility rather than councils? I am just thinking of the example we saw in New South Wales where the four councils have got together but they were hands off as far as the facility was concerned. In WSN we are basically doing the whole thing. They kept an oversight, but they were hands off.

**Mr Kelsall:** It is always one of those difficult discussions about whether you in-house or outsource, and it happens across a lot of sectors. My feeling is that for some of these smaller facilities you are not talking about a very large workforce, so therefore to keep up your technical competence within a facility within a council may be more challenging than if it was provided by an organisation that that is what they do, because they have the technical framework and knowledge that sits in-house to be able to support it. We have got to remember that alternative waste treatment facilities are a processing facility. They are an automatic control facility. They have a lot of process control requirements sitting on top of them. You need to have someone you can refer back to to be able to sort out process performance issues, because they move the spectrum completely across from something that has been done for a long time in a fairly simple form to something that is about trying to apply modern technology to it. The councils themselves would struggle because, typically, the people that work in that area in the council come from, I guess, a working area that is absolutely quite different to where we would move to. You would just need to take into consideration —

**Mr France:** More a materials-handling expertise as opposed to processing.

**The CHAIR:** I was thinking of the south metropolitan one. Every time there is a problem, they have got to haul someone in from the eastern states.

**Mr Kelsall:** Again, if we had an all-embracing —

**The CHAIR:** Uniform.

**Mr Kelsall:** — you would not have that expertise sitting in the eastern states. I do not know what expertise they are chasing, but I think within their organisation, or whoever is providing the service, that is where it might be. It would be really nice to look at Perth as a clean sheet of paper. If you are looking at Perth as absolutely starting afresh for the whole city, you would probably say that Perth needs three major facilities, and at one of those facilities you would put some sort of thermal process to treat the residuals that come from the other two. That would provide Perth with the most economic solution, and it would provide Perth with a solution that would achieve 95 per cent—potentially more—diversion from landfill for its municipal waste.

**Hon PAUL LLEWELLYN:** In defence of the Southern Metropolitan Regional Council, they filled a void by collaborating and getting the expertise. It has been a big learning experience for them. I want to endorse what you said here in that there is no point in actually seeing the Southern Metropolitan Regional Council fail.

[3.10 pm]

**Mr Kelsall:** It cannot fail.

**Hon PAUL LLEWELLYN:** — because it will set us back.

**Mr Kelsall:** We will definitely go backwards.

**Hon PAUL LLEWELLYN:** The experiment of having a regional group of councils running it was a brave step. The operation and maintenance of a dedicated company like yours or SETA, or one of the other global companies, is another model that we need to—we need to be even-handed in the

way in which we actually judge what has happened here. I am concerned that we should not allow South Metropolitan Regional Council to flounder on this one issue.

**Mr Kelsall:** I very, very strongly agree with you. As you have said, through goodwill and drive they have provided a facility. It has certainly got its challenges, but we have to remember that they have tried to provide a facility against a backdrop that compares a gate fee to landfill. That means they have had a very hard task. The other problem is that once you have any sort of issue that impacts on the public, even if you do solve it, often the public is still going to remain suspicious for a long time that it may come back.

**Hon KATE DOUST:** That is why effective consultation with community is so important, is it not?

**Mr Kelsall:** Yes. I think if we get to the opportunity in Western Australia that we are looking at a statewide approach to this issue, then the first thing on the agenda needs to be starting to engage community groups, because there will be some significant change. As I said, part of the significant change will need to be the community itself reducing the amount of waste it uses. If it does that and that is all we achieve, we will have taken a major step forward in this state.

**Hon PAUL LLEWELLYN:** Education in itself will not solve all the problems. There will still be people who smell things, there will still be people who disagree with technologies, and so we have to —

**Mr Kelsall:** I absolutely agree with that. I was not talking about education dealing with that. Education will reduce how much waste we create. Again, if we deal with it on a statewide basis, we can get together the appropriate standards that the plant needs to be built to and agree on what environmental monitoring the plants are going to be subjected to, to ensure that they do not become a nuisance for the residents.

**The CHAIR:** Thank you very much indeed for the presentation; it was really informative. Thanks, it was much appreciated.

**Mr Kelsall:** I would just like to again thank you for your time today. If we see a change in and a drive of waste management happening in this state, it is certainly something that we would be very pleased about.

**The CHAIR:** Thank you very much.

**Hearing concluded at 3.12 pm**