



**CEMENT INDUSTRY
FEDERATION**



CEMENT INDUSTRY FEDERATION
SUBMISSION

NSW EPA Guide for Large Emitters
Draft for Consultation

1 July 2024

1. INTRODUCTION

Thank you for the opportunity to comment on the *NSW EPA Guide for Large Emitters* Draft for Consultation.

The **Cement Industry Federation (CIF)** is the national body representing all Australian integrated cement manufacturers – Adbri Ltd, Boral Cement Ltd and Cement Australia Pty Ltd. CIF members also produce lime, both in conjunction with existing operations and as stand-alone facilities.

Australian cement producers form part of a **critical manufacturing industry of national importance**, especially given the need for sovereign capability to support Australia's infrastructure (e.g., roads, bridges, water supply structures, medical facilities, defence structures, housing and commercial buildings) and as part of the overall transition to net zero.

Australian cement manufacturing supports over 1,300 employees directly in high paid positions as well as hundreds of apprentices, contractors and transport operators. The cement, lime¹ and concrete value chain supports over 15,000 jobs in Australia.

Despite cement being classified as one of the most difficult-to-abate sectors, CIF members are committed to decarbonising their products by 2050 as demonstrated in the VDZ publication *Decarbonisation Pathways for the Australian Cement and Concrete Sector* (2021).

From a policy perspective, strong, consistent and considered action by all parts of our value chain (including all levels of government) will be required to reduce greenhouse gas emissions while maintaining a strong economy and maintaining the international competitiveness of key manufacturing industries such as cement.

As such, governments should actively work to promote a consistent and integrated approach to climate (and energy policy) **across all Australian jurisdictions**. This should also be applied to federal and state/territory-based regulatory and reporting requirements, where a consistent and integrated approach focussed on streamlining and minimising duplication would help to provide certainty and stability of the economy and underpin the competitiveness of Australian manufacturing.

2. KEY CONCERNS

The CIF is concerned that the requirements as set out in the draft Guide for new projects or project modifications to an existing facility resulting in 'large' emissions **are unnecessarily onerous** – particularly from the perspective of hard-to-abate sectors such as cement and lime who are already subject to extensive reporting, verification and emissions reduction requirements via National Greenhouse Reporting scheme (NGERs) and the Safeguard Mechanism.

The approach proposed by the NSW EPA has the potential to stifle innovation and investment at a time when significant technological advancements will be required for our sector to contribute to Australia's emission reductions goals and achieve our sectors stated goal of net-zero by 2050.

The CIF proposes that a more sector specific approach be taken in terms of assessment – including specific bespoke assessment methods – recognising that cement is a hard-to-abate sector and that not all sectors have immediate access to the required abatement options.

Through the CIF, our sector is well placed to assist in the development of a sector specific approach – including the design of the required assessment methods.

These concerns and proposed solution also extend to the proposal, noted in the Guide, for the NSW EPA to progressively require all licensees to develop Climate Change Mitigation and Adaptation Plans (CCMAPs). The continued requirement for CCMAPs should be reconsidered once mandatory climate-related financial disclosure requirements are in place (see section 4 below).

Also, the proposed requirement for the identification of scope 3 emissions associated with the project should be removed in the first instance.

¹ CIF members also produce lime, either in conjunction with clinker and cement or at stand-alone facilities.

There are well known challenges in estimating, reporting and validating scope 3 emissions. For this reason, Treasury's Climate-Related Financial Disclosure consultation paper proposes that 'Disclosure of material scope 3 emissions would be required for all reporting entities from their second reporting year onwards.'

This is to allow companies to build capability in relation to scope 3 calculation and estimation.

The proposed requirement for the identification of scope 3 emissions associated with the project should therefore be removed in the first instance. At a minimum, the inclusion of scope 3 emissions should be optional until reporting is mandatory under the future climate-related disclosure requirements.

3. CEMENT SECTOR AND POLICY CONTEXT

It is critical that the development of climate policy and measures at all levels of government recognises the importance of not impeding the competitiveness of Australian industry, such as integrated cement manufacturing.

The CIF supports Governments actively working to promote a consistent and integrated approach to industry, environment, climate and energy policy – and associated measures – across all Australian jurisdictions. Minimising the regulatory burden through a coordinated and streamlined approach must be a key goal of all jurisdictions.

CIF members remain committed to reducing their carbon footprint and working with all levels of government to ensure Australia's climate and related policies are designed to ensure competitiveness issues are addressed. Australian cement and lime producers remain committed to reducing emissions as part of the collective challenge to achieve net zero emissions by 2050 or earlier.

This is reflected in individual CIF member commitments, such as Adbri Ltd's Net Zero Emissions Roadmap, Boral's Commitment to net zero and Cement Australia Ltd through its shareholders Holcim and Hanson/Heidelberg Materials.

Cement manufacturing is a hard-to-abate sector due to the limited decarbonisation options currently available to reduce greenhouse gas emissions – specifically in terms of the process emissions that arise from the heating of the limestone raw material.

Despite this limitation, the Australian cement sector has achieved emission reductions of over 25 per cent since 1990. To achieve this outcome CIF members have invested in significant capital for new processing technology - as well as supply chain components - to ensure market supply is secure and reliable.

These strategic investments are contemplated based on long payback periods. This is also the case going forward as cement manufacturers investigate new and innovative technology options to address process emissions – particularly in the carbon capture, use and storage space – which are promising but still have some way to go before becoming a commercial reality post 2030.

Importantly, the fundamental question within each investment decision is the degree of certainty associated with key elements such as demand and relevant regulatory settings.

CIF members collectively have integrated cement manufacturing facilities in several jurisdictions (see **Figure 1**), as well as related downstream operations across most of Australia.

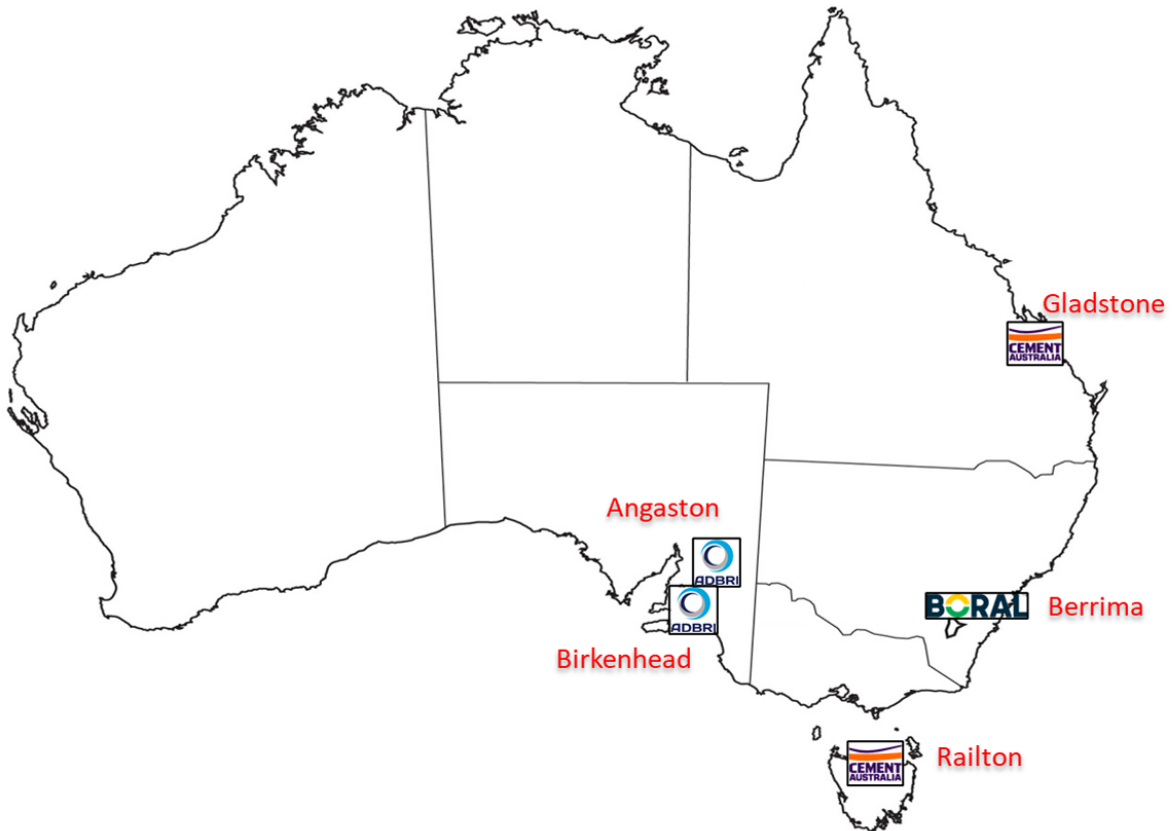
Differential and overlapping/duplicative regulatory requirements across the jurisdictions therefore have the potential to significantly impact the competitiveness of Australian manufacturers.

Strong, consistent, coordinated policies and associated measures will be required from all levels of government to support significant emissions reductions while at the same time maintaining a strong economy and strengthening the international competitiveness of key industries such as cement manufacturing.

4. CLIMATE CHANGE MITIGATION AND ADAPTATION PLANS (CCMAPS)

It is noted in the draft Guide that the EPA will progressively require all licensees to develop Climate Change Mitigation and Adaptation Plans (CCMAPs) – to demonstrate how they will minimise their GHG emissions and exposure to climate risk – starting with licensees with the largest GHG emissions and/or whose premises and activities pose greater risks to the environment if the impacts of climate change are not adequately considered.

Figure 1: Integrated Cement Manufacturing Facilities



While the preparation of CCMAPs is to be covered in a separate guide (to be developed), the following points should be noted:

- CIF members have been taking action to reduce greenhouse gas emissions across their operations. Process emissions, which represent around 70 percent of scope 1 emissions, are unlikely to have large scale abatement solutions available this decade.
- CIF members are subject to increasing levels of regulatory burden across all levels of government in terms of climate and energy-related regulation and reporting (e.g., NGERs, Safeguard Mechanism)
- The CIF supports the development of fit-for-purpose regulatory approaches that are practical, reasonable, feasible and appropriately paced. The overall aim should be to minimise the regulatory burden on licensees.
- For new projects or modifications to existing facilities, consideration should be given to recognising **existing** plans and statements wherever possible to avoid duplication. For example, Task Force on Climate-Related Financial Disclosures (TCFD) statements.

- Consideration should also be given to recognising and aligning with **future** climate-related financial disclosure requirements – such the Government's proposed implementation and sequencing of standardised, internationally-aligned requirements for disclosure of climate-related financial risks and opportunities in Australia.
- Once standardised climate-related financial disclosure requirements are in place at the Federal level, the requirement for separate state/territory-based CCMAPs should be re-evaluated.

5. FURTHER COMMENTS

Thank you for the opportunity to provide the above comments. For further information relating to this submission please contact Margie Thomson.

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