



NSW Environment Protection Authority
Via online

1 Jul 2024

To the NSW Environment Protection Authority,

Re: Draft Climate Change Assessment Requirements and Guide

Veolia is a global leader in water, waste and energy management. We have 6,500 employees in Australia and New Zealand, and in NSW, we have over 2,000 staff working across 66 facilities in waste management, industry and energy, resource recovery and water services. Through our three complementary business activities, Veolia helps to develop access to resources, to preserve available resources and to replenish them.

We support the government's efforts to ensure planning and project approvals align with the state's climate goals. Last year, Veolia produced more than 136,000 MWh of solar, hydroelectric and methane-based electricity generation and supported carbon avoidance through recycling and other resource renewal and reuse.

However, we also caution against narrow thinking that assumes all development is inherently detrimental to the climate. Some projects, although they emit greenhouse gases, represent a better outcome in regards to overall emissions in comparison to existing practices and so we encourage the government to consider this nuance in its assessment process.

Safeguard Mechanism

Whilst not within the scope of the CCAR reforms, the Safeguard Mechanism and its influence on landfills cannot be ignored.

Only 3 out of 1,035 landfills in Australia met the Safeguard Mechanism threshold in 2022. A Veolia analysis found that these landfills represented 17% of the country's annual waste processing capacity, yet only emit 3% of the entire landfill sector's greenhouse gas emissions. This is due to the application of international best practice techniques and technologies at these landfills, ensuring that on a per tonne of waste basis, they emit fewer greenhouse gases than smaller landfills with less ability & resources to implement best practice techniques and technologies.

By only placing Safeguard Mechanism liabilities on the country's most efficient landfills, this incentivises waste going to smaller, poorer-performing landfills with a risk of perverse outcomes. If not structured correctly, the Safeguard Mechanism will drive up – not down – greenhouse gas emissions across the landfill sector.



Avoided emissions

The concept of ‘avoided’ or ‘erased’ emissions can serve as a valuable framework and tool to help quantify the net climate impact of a proposed project. ‘Avoided emissions’ are the reduced greenhouse gas emissions resulting from the implementation of specific actions or strategies.

For example, when Veolia sets up a sorting plant to recycle paper we consume electricity and generate a scope 2 emission liability. However, this measurement alone does not capture how paper manufacturing using non-recycled, virgin material emits more greenhouse gas emissions than using recycled material. Also, if the paper recycling plant was not present and the paper was disposed of in landfill, it would also break down under anaerobic conditions, generating methane and causing Scope 1 emissions. Avoided emissions captures this difference and can show the net benefit to the wider economy from circular economy activities, further incentivising these positive actions.

Another example of an activity that contributes to avoided emissions is diverting organic waste from landfills to an Energy from Waste facility, thereby eliminating the release of methane during decomposition, and replacing fossil-derived fuels with green alternatives.

In 2023, the National Waste and Recycling Industry Council (NWRIC) collated case studies from their members on avoided emissions to estimate the total greenhouse gas emission balance today for the whole sector and help forecast future estimates¹. Collectively, the NWRIC estimates that its members are preventing the emissions of 4.8 Mt CO₂-e per annum based on the cases collated to date.

If NWRIC members maintain these rates of avoided emissions every year, theoretically, net zero will be reached by 2031, after which it supports other parts of the Australian economy to reach net zero. For example, scrap metal recycling alone is estimated to avoid 3,501,500 t CO₂-e per annum.

The waste and recycling sector is unique in its ability to reduce an overall economy’s greenhouse gas emissions. This is because the sector manages the waste outputs of other sectors of the economy and has limited control over the composition of what it receives – in essence, making the sector ‘net receivers’ of emissions. Only by calculating avoided emissions can we provide evidence of how the sector treats and recycles precious resources, reducing the need for virgin materials or diverting waste from landfill, and therefore helping reduce greenhouse gas emissions across the economy.

Avoided emissions is a critical data point for governments, industries, and communities seeking to formulate effective greenhouse gas reduction strategies. It provides vital evidence to guide decisions on which actions, solutions, and technologies offer the most significant emissions reductions.

¹ [GHG EMISSIONS IN AUSTRALIA'S WASTE AND RECYCLING SECTOR, NWRIC \(2023\)](#)



Failing to account for avoided emissions could lead to the unintended consequence of preventing the construction of beneficial assets that have a net positive climate impact when compared to the alternatives or existing facilities they would replace.

Existing facilities

It is challenging to evaluate the potential commercial advantage that existing facilities may gain by being exempt from adhering to the proposed requirements until we have a comprehensive understanding of the new Climate Change Mitigation and Adaptation Plans (CCMAPs) that will be applicable to all facilities.

Consequently, it would be prudent for the industry to provide feedback on the CCMAPs and the proposed climate change assessment requirements (CCARs) & Greenhouse Gas Assessment Guidelines. A concurrent review process would enable a holistic assessment of the potential implications and ensure that any potential disparities or unintended consequences are identified and addressed before the implementation of these regulations and guidelines.

Steps to be completed in a Greenhouse Gas Assessment

The government's proposed guide is intended to cover a broad range of industries and companies. However, as is often the case, key aspects of this are not well-suited for the nature of waste services. Unlike product-based industries, waste management companies provide a service and have limited control over the types of waste they receive. As such, certain aspects of the proposed regulations present challenges for their practical implementation within the waste sector.

Notably, Step 5 (Benchmarking and Goals) references the use of Safeguard Mechanism best-practice emissions intensities for benchmarking purposes. However, such benchmarks have not been established for the waste management industry and may require further tailoring or the development of sector-specific guidelines to ensure their effective and appropriate application to the waste management industry.

On total coverage of emissions from landfills

We endorse the government's stance that while obligations under the National Greenhouse and Energy Reporting (NGER) Act apply solely to constitutional corporations, the requirements outlined in this guide should extend to all projects exceeding the NGERS threshold, irrespective of their corporate structure, thereby ensuring comprehensive coverage and accountability for significant emissions sources.

Lastly, Veolia urges the NSW government to provide industry with an opportunity to consult on the methods of calculation employed in assessing emissions. For instance, current methodologies offered in the NGER Scheme may undervalue the positive contribution of composting, which can have a significant beneficial impact on the environment. Ensuring that the calculation methods



accurately reflect the true environmental impact of various processes is essential for a fair and effective evaluation.

Thank you again for the opportunity to provide feedback on this important issue. We welcome the opportunity to meet with the committee and answer any questions or provide clarification on our submission – please be in touch with Valeria Cheglov, Head of Communications and Public Policy on [REDACTED].

Yours faithfully,

A handwritten signature in black ink, appearing to read 'R Kirkman', written in a cursive style.

RICHARD KIRKMAN
Chief Executive Officer & Managing Director