



**CEMENT INDUSTRY
FEDERATION**



**CEMENT INDUSTRY FEDERATION
SUBMISSION**

PROPOSED CLIMATE CHANGE LICENSEE REQUIREMENTS

7 October 2025

1. INTRODUCTION

Thank you for the opportunity to contribute to the Proposed Climate Change Licensee Requirements Consultation Draft. 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.

Over 1,300 people are directly employed in the cement industry, corresponding to over 5,000 jobs downstream. 30,000 people are directly employed across the combined cement, concrete and aggregate sector - corresponding to over 80,000 jobs indirectly employed, generating annual revenue of A\$15 billion.

In terms of consultation to date, CIF members have commented positively on the approach the EPA has taken to engage with licence holders, and we look forward to working constructively towards positive outcomes for all concerned.

2. EXECUTIVE SUMMARY

Cement manufacturing is considered to be one of the hardest-to-abate sectors due to the currently unavoidable process emissions resulting from clinker production. While Australian cement manufacturers are stridently targeting emissions reductions across currently available decarbonisation levers, such as increased use of alternative fuels and the production of low carbon cements (clinker substitution), a pathway does not yet exist to directly address process emissions – which currently account for around 70 per cent of scope 1 emissions.

As such, full decarbonisation of the Australian cement sector will not be achieved without significant early focus on developing a pathway to step-change technologies such as carbon capture, utilisation and storage (CCUS) – including key infrastructure and transport – as well as the associated legislative and regulatory frameworks.

In this context, the proposed Climate Change Licensee Requirements have the potential to place a significant regulatory impost on Australian cement manufacturers who are already heavily focussed on emissions and energy as part of the stringent and soon to be revised Safeguard Mechanism regime and their commitment to reducing emissions in general.

While recognising the importance of regulating for climate change for those industries that may not have the resources or incentives to act, it is also critical that hard-to-abate sectors currently operating in NSW are recognised for their work to-date in terms of reducing emissions as well as the challenges that lie ahead.

Whatever the chosen pathway may be, the final outcome should not result in an increase in the reporting/regulatory burden on hard-to-abate sectors that are critical to NSW and the nation.

The outcome should also not result in the disclosure of commercially sensitive information (e.g. production volumes or intensity measures) which could be used to estimate production volumes (and volume forecasts) alongside other available information. This could pose significant commercial risk especially when this requirement does not apply to the entire market.

A summary of the key issues of concern from our perspective is provided in Table 1 below, along with proposed solutions for consideration.

Table 1: Concerns and Proposed Solutions

CIF Concern	Proposed Solution
The multiple and varied reporting requirements across jurisdictions.	That the NSW EPA delay the mandatory application of state-based climate change licensee requirements until the review of the Safeguard Mechanism is complete in 2027. This would allow time for improved alignment and integration across jurisdictions to reduce duplication and regulatory burden on industry. Existing reporting requirements such as the mandatory climate-related financial disclosures, NGERs and Safeguard Mechanism will be more than sufficient to provide the relevant data in the intervening period.
That critical sectors are not being duly recognised for their work to-date in reducing emissions or for the technological challenges ahead given their hard-to-abate status.	That hard-to-abate sectors (e.g. cement and lime), critical to the economic well-being of both NSW and the nation, are recognised and supported for their advanced positions in terms of currently achievable emissions reductions and planned future actions to reduce emissions over the medium to longer-term. Government and industry working together towards a shared outcome is the preferred pathway.
Duplicative and onerous reporting requirements are adding to the regulatory burden faced by industry.	Reporting requirements for hard-to-abate sectors, once introduced, should be streamlined as much as possible to minimise the regulatory burden and reduce duplication. Ideally this would involve close coordination between jurisdictions to ensure only one data source is required (e.g. NGERs). Alternatively, NSW data requirements could be aligned with climate-related financial disclosure requirements.
The requirement for 10-year emissions projections has the potential to expose industry to legal and reputational challenges. Any forecasts would rely on numerous assumptions with regards to external and internal factors.	Forecast requirements should be limited to a maximum of 3 years. In addition, a robust process to validate the forecasts and support them with evidence should be developed to address risks around 'greenwashing'. The NSW EPA should workshop this issue with industry and other stakeholders to examine potential pathways forward that minimise risk and regulatory burden whilst meeting the Regulator's requirements.

2. REGULATORY HARMONISATION

There are clear and rational reasons for many of the observed variations in approach to policy and regulation across a number of areas, as all levels of government look to address issues within their remit.

However, there are also areas where alignment not only serves to strengthen the national commitment towards a shared goal (e.g. an emissions reduction target), but also to strengthen the ability of the regulated community and stakeholders to contribute to the goal via streamlined and harmonised regulatory environment.

The various approaches to emissions reduction targets, along with associated policies and measures, are a clear example of misalignment that result in inefficiencies in the form of duplication, application and overall burden on the regulated community.

The NSW EPA's proposed requirements for annual reporting, specifically in terms of facilities required to report under NGERs, are an example of duplication that should be avoided.

In the first instance it would be preferable for the NSW EPA to obtain the required data points from existing sources – NGERs and Safeguard Mechanism.

If this is not possible, the NSW EPA's annual data requirements should be reframed to match the output of existing schemes such as the NGERs reporting regime and/or the recently legislated climate-related financial disclosure requirements – therefore minimising the regulatory burden on reporters.

While there may be a case for an additional reporting regime to be applied to the majority (about 1,850 out of 2,000) of licensees that do not report under NGERs over the longer term, this should be carefully considered in terms of materiality and costs.

With the recent release of the national 2035 target and the legislated review of the Safeguard Mechanism slated for 2026-27, the NSW EPA could consider delaying mandating the proposed requirements to allow for maximum alignment.

In the intervening period, the NSW EPA could investigate and trial possible ways of integrating with existing schemes or trial simplified reporting templates with an eye to removing duplication and overall streamlining of the data collection process.

3. HARD TO ABATE SECTORS

The CIF recognises that the NSW EPA has a responsibility to work with the regulated community and stakeholders to address environmental issues – including climate change. However, a one-size fits all approach has the potential to add to the already significant regulatory burden faced by emissions intensive, hard-to-abate sectors such as cement and lime.

The emissions profile and decarbonisation pathways of both cement and lime are well known. In the case of cement manufacturing, the emissions profile includes currently unavoidable process emissions (Scope 1), thermal emissions (Scope 1) and electricity-related emissions (Scope 2). Scope 3 emissions are dominated by clinker imports (which currently sit at around 43% of clinker consumption), with smaller proportions related to downstream use (i.e. infrastructure, building and construction) and transport.

For cement manufacturing, decarbonisation pathways include carbon, capture, utilisation and storage (especially for process emissions), alternative fuels (to offset coal and gas usage), clinker substitution (using similar materials to produce lower carbon cements).

As such, the NSW EPA should be cognisant of the well-known issues faced by hard-to-abate sectors such as cement and lime, and work with these sectors to minimise the regulatory burden as they seek to reduce emissions and continue to contribute to the economic well-being of NSW and the nation.

4. ANNUAL CLIMATE CHANGE EMISSIONS REPORT

It is noted that the intention is for the EPA to receive the same data that is provided to the Clean Energy Regulator in order to limit regulatory burden.

If it is not possible for the various agencies to arrange for the exchange of this data internally, then a simplified process should be adopted. This could be in the form of a simple, one page template to capture the required data and a concise commentary on the reasons for any significant changes (with provision to provide extra detail as an attachment if required).

Such an approach would ensure that each facility is reporting in a consistent manner whilst minimising the resource burden on reporters.

5. CLIMATE CHANGE MITIGATION AND ADAPTATION PLAN (CCMAP)

In line with our recommendation above that the NSW EPA delays mandating reporting until after the review of the Safeguard Mechanism, the NSW EPA could accept similar existing reports – such as published ESG reports and/or climate-related financial disclosure documents.

After the Safeguard Mechanism review, it is proposed that a template be developed that would stand as the absolute minimum requirement for CCMAP reporting, with an option for the regulated community to provide more comprehensive reports in line with their resourced capability.

This minimum requirement could then be expanded upon as reporters build capacity and gain confidence in the system.

6. 10-YEAR EMISSIONS PROJECTIONS

The CIF has concerns over the requirement for Safeguard Mechanism facilities to provide 10-year emissions estimates every three years – specifically in terms of potentially significant legal and reputational (e.g. greenwashing) issues that could arise through this process.

There would need to be clear guidance around how the projections should be undertaken, the assumptions used, and statements around the levels of confidence in the data. This is not expected to be a trivial undertaking and therefore has the potential to become another regulatory impost on reporters.

The CIF recommends that forecast requirements be limited to a maximum of 3 years, and that the NSW EPA workshop this issue with industry and other stakeholders to examine potential pathways forward that minimise risk and regulatory burden whilst meeting the Regulator's requirements.

7. PUBLICATION OF DATA

It is also important for us to understand the intended use of any facility-level information collected by the NSW EPA. Any intention to publish facility level data will be of concern given the small number of facilities involved and the potential exposure of commercially sensitive data.

The required disclosures would include commercially sensitive information including production volumes or intensity measures which can be used to estimate production volumes (and volume forecasts) alongside other available information. This could pose significant commercial risk especially when this requirement does not apply to the entire market.

For example, Berrima is the only integrated cement manufacturing plant operating in NSW (out of five around the country). While facility-level, scope 1 emissions data is currently published via the Safeguard Mechanism, specific energy data is not publicly available due to its commercial sensitivity.

Commercially sensitive information should not be published.

8. EMISSIONS MEASUREMENT

It is noted that the EPA will progressively require facility-level greenhouse gas monitoring for certain groups of licensees. This approach is not supported by the CIF.

There are cases where emissions monitoring would not be an accurate representation of the emissions profile of certain materials – such as non-standard (i.e. alternative) fuels currently used in cement manufacturing to offset fossil fuel use. In this case, an emissions factor approach that takes lifecycle issues into account is more appropriate.

Also, the majority of cement industry emissions are governed by relatively straight forward chemical reactions that allow for a close correlation between estimation and measurement. For example, the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* lists the emission factor uncertainty level for cement clinker production as 6 per cent, with activity data uncertainty sitting at 1.5 per cent.

Continuous monitoring of any form is also prohibitively expensive and therefore is only used when absolutely necessary. The CIF therefore recommends that the NSW EPA work closely with cement and other major producers to fully understand the benefits and costs of going down this pathway.

9. GREENHOUSE GAS LICENCE LIMITS

It is noted that the NSW EPA has flagged that evidence-based limits for greenhouse gas emissions on new and existing Environment Protection Licences for key industry sectors will be progressively placed over the longer-term.

Such an approach will have significant ramifications for hard-to-abate sectors operating in NSW. As such early and lengthy consultation with industry is recommended.

10. CONCLUSION

It is critical that NSW EPA continues in its collaborative approach to working with the regulated community. This includes hard-to-abate sectors such as cement and lime, which remain key contributors to both the NSW and national economy, as well as strongly focussed on their emissions reductions pathways.

Thank you for the opportunity to provide the above comments and we look forward to direct engagement on the issues raised above. For further information relating to this submission please use the contact details below.

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