

Submission to the NSW EPA Consultation on Proposed Climate Change Requirements

From the Waste Contractors & Recyclers Association of NSW (WCRA)
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Introduction

The Waste Contractors and Recyclers Association of NSW (WCRA) welcomes the opportunity to respond to the NSW Environment Protection Authority's (EPA) consultation on proposed Climate Change Mitigation and Adaptation Plan (CCMAP) requirements and sector guidance.

As the peak industry body for the waste and recycling sector in NSW and the ACT, WCRA represents over 200 member organisations across the spectrum of waste management, including collection, transport, recycling, organics processing, landfill operations, and waste-to-energy (WtE) projects. Collectively, WCRA members employ more than 18,000 people, operate approximately 90% of licensed waste and recycling vehicles and facilities across NSW and the ACT, and process millions of tonnes of waste and recovered resources every year. Our membership base includes large multinational operators, local and regional family businesses, and specialist service providers who together ensure that NSW's waste and recycling system continues to function safely, efficiently, and in compliance with regulatory requirements.

WCRA's role is to act as the unified voice of the waste and recycling industry. We provide evidence-based advocacy, industry training, and practical guidance to members, while engaging constructively with government, regulators, and the community on issues of shared concern. The scale of representation means that WCRA is uniquely positioned to assess the potential impact of climate-related regulatory reforms on the waste sector as a whole, and on the communities it serves.

We strongly support the EPA's objective of addressing climate change, reducing greenhouse gas emissions, and strengthening the resilience of NSW's economy and environment. Our members recognise the importance of aligning with the state's legislated net zero targets and are already investing in new infrastructure, technologies, and practices to reduce emissions. This includes investment in landfill gas capture systems, organics diversion programs, energy recovery projects, and resource recovery innovations.

However, we are concerned that the proposed framework, as it applies to landfills, recycling facilities, and WtE plants risks creating unintended outcomes if not carefully tailored to the realities of the waste sector. Waste operators face unique challenges: they manage emissions that are largely inherited from upstream consumption and disposal behaviours, and they operate essential public infrastructure under statutory and contractual obligations to accept and process waste. This means that regulatory frameworks designed for industrial licensees may not be appropriate when applied directly to the waste industry.

Accordingly, this submission sets out WCRA's key concerns, supported by case studies, international comparisons, and reference to the EPA's own technical evidence base. We highlight areas where the proposed requirements may be unworkable or counterproductive, and we offer constructive alternatives that align with NSW's climate objectives while maintaining the integrity, fairness, and viability of the state's waste management system.

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Structure of this submission

This submission addresses the proposed requirements under the following themes:

- **Lack of input control:** waste operators cannot determine what materials enter their facilities.
- **Managing inherited emissions:** emissions from landfills and WtE are a product of society's consumption, not operator inefficiency.
- **Perverse outcomes of over-regulation:** excessive burdens could increase illegal dumping and unmanaged waste.
- **Adopting a systems lens:** recognising avoided emissions and the role of the network as a whole.
- **Reducing landfill emissions through Recycling and FOGO diversion:** the most effective long-term solution.
- **Alignment with federal policy frameworks:** avoiding duplication with the Safeguard Mechanism, NGRS, and ACCU Scheme.
- **Complications of offsetting:** risks of double counting, inequity, and reputational damage.
- **Regulatory impact assessment:** ensuring cost impacts on operators, councils, and households are properly understood.

Through this structure, WCRA aims to ensure the EPA's framework is practical, evidence-based, and fair, while still delivering meaningful emissions reductions for NSW.

Lack of Input Control

Unlike industrial licensees, waste operators are severely limited in their ability to control the volume, composition, or quality of incoming waste streams. The nature of the waste sector is that operators are required, either by contract, regulation, or statutory obligation, to accept and manage whatever material society discards.

This fundamental distinction means that facility-level climate mitigation targets, designed for industries such as manufacturing or energy generation, are not directly transferable to the waste sector. In those sectors, operators control raw material inputs and production processes. In contrast, waste facility emissions are a by-product of broader societal consumption and disposal practices, not operator decision-making.

The EPA's own fugitive methane measurement review recognises that landfill methane emissions are significant, estimated at 122,000 tonnes of methane annually (22% of all methane emissions covered by EPA licences). Crucially, these emissions are the consequence of organics, particularly food and garden waste, entering landfills. No landfill operator can realistically prevent these organics from arriving; they are legally obliged to accept residual waste streams from councils and commercial customers.

Case Study: Household Batteries and Contaminants in the Kerb Bin

A recurring example of input beyond operator control is the ongoing presence of lithium-ion batteries and other hazardous materials in kerbside bins. Despite ongoing education campaigns, householders continue to dispose of batteries incorrectly. Once these batteries are collected in vehicles and arrive at facilities, they present both fire risk and contribute to downstream greenhouse gas emissions when damaged or combusted.

This example demonstrates the wider issue: even with best-practice waste education and sorting systems, facilities cannot fully exclude problematic or emission-intensive materials. They must manage the consequences of those inputs, but they do not generate them.

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Consequences of Misapplied Regulation

If the EPA applies absolute, facility-level emission reduction targets without recognising input limitations, operators will be unfairly penalised for emissions that are beyond their control. This could:

- **Distort compliance costs:** penalising efficient operators simply because they are contracted to receive higher volumes of organics or mixed waste.
- **Undermine fairness:** treating operators as if they control emissions in the same way as industrial producers.
- **Disincentivise innovation:** discouraging investment if operators believe they will be held accountable for emissions they cannot influence at the source.

Recommendation

WCRA recommends that the EPA:

1. **Acknowledge the lack of input control** in its guidance and compliance framework.
2. **Shift focus to best-practice management** of inherited waste, for example: landfill gas capture, flare efficiency, leachate controls, and recycling system upgrades.
3. **Avoid prescriptive absolute reduction targets** at the facility level, instead requiring operators to demonstrate that they are applying reasonable and available mitigation technologies given the waste streams they receive.

This approach would ensure that waste operators are judged fairly, on the quality of their emissions management, not on the uncontrollable characteristics of the waste inputs.

Managing Inherited Emissions

Landfill methane and waste-to-energy (WtE) stack emissions are best described as inherited emissions. They arise not from inefficiency or poor practice by the waste sector, but from the materials society chooses to consume and discard.

For landfills, methane emissions are generated when organic material, particularly food and garden organics (FOGO), decomposes anaerobically. For WtE plants, residual carbon dioxide emissions are a by-product of combusting mixed residual waste streams, which contain plastics, textiles, and other fossil-derived materials. In both cases, operators have little or no influence over what enters their facilities. Their role is to manage and mitigate emissions, not prevent them at the source.

The EPA's own figures highlight this point. In 2022, landfills accounted for 122,000 tonnes of methane emissions, compared with 255,000 tonnes from underground coal mines. Both sectors are large emitters, but the source of those emissions is fundamentally different: mining emissions are tied to extraction activity, while landfill emissions are the managed consequence of community waste disposal.

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Case Study: Sydney Metropolitan Landfills

Sydney's metropolitan landfills serve as critical public infrastructure, accepting waste from millions of households and businesses under council and regional contracts. These facilities must take residual waste regardless of its composition. Even with modern gas capture systems (often capturing 60–90% of methane), significant emissions remain due to the sheer scale of organics entering red bins.

Operators have invested heavily in capture infrastructure, but they cannot stop food waste from being landfilled until systemic diversion occurs upstream. The emissions they report are therefore a community-wide footprint channelled through their facilities, not a reflection of poor operational practice.

Case Study: Waste-to-Energy (WtE)

Proposed WtE facilities in NSW face similar challenges. Their emissions profile is driven by the proportion of plastics, textiles, and other fossil-derived residuals in mixed waste streams. These materials arrive after all feasible recycling has been undertaken. While WtE plants can achieve energy efficiencies of 25–30% and offset fossil-based grid electricity, their stack emissions will still be counted at the facility level.

Holding operators solely responsible for those inherited emissions ignores the broader system benefit of avoiding methane from landfill and displacing fossil fuels in electricity generation.

Consequences of Misapplied Regulation

If inherited emissions are treated the same as discretionary emissions from industrial facilities, several risks arise:

- **Unfair compliance obligations:** operators bear responsibility for emissions they did not generate.
- **Undermined investment confidence:** landfill and WtE projects may be deterred if future obligations appear unmanageable or misaligned with their true role.
- **Distorted policy outcomes:** penalising facilities that provide critical public infrastructure, despite their net contribution to emissions reduction (e.g. by avoiding landfill methane).

Recommendation

WCRA recommends that the EPA explicitly recognise the concept of inherited emissions in its guidance. Specifically:

1. Operators should be assessed on the effectiveness of their mitigation measures, not on the absolute volume of emissions.
2. WtE facilities should receive credit for avoided landfill emissions and displaced fossil-fuel generation in their net emissions accounting.
3. Landfill operators should be recognised as managing emissions on behalf of society, with compliance tied to best practice in capture and monitoring, not input volumes.

By adopting this approach, the EPA can ensure its framework is both fair and effective, targeting emissions at their source while supporting the essential role of waste infrastructure.

Perverse Outcomes of Over-Regulation

The waste and recycling industry operates as essential public infrastructure. If compliance costs or regulatory requirements become disproportionate, there is a real risk that waste will be driven out of the regulated system. Instead of delivering better environmental outcomes, this could increase uncontrolled emissions and public health risks through illegal dumping, stockpiling, or diversion to unregulated sites.

Waste operators do not always have the discretion to refuse residual waste streams. Local governments and businesses rely on them to provide universal collection and disposal services. When regulation drives up costs without providing practical alternatives, the system becomes vulnerable to “leakage”, where waste flows away from lawful, managed pathways and into unmonitored or unsafe environments.

Case Study: Asbestos in C&D Waste

When asbestos management requirements were tightened in the construction and demolition (C&D) sector, operators faced limited lawful disposal options, particularly in regional NSW. Without sufficient permitted facilities, some waste generators resorted to illegal dumping of asbestos-contaminated loads. This created greater risks to public health and the environment than the emissions the policy was intended to control.

This example illustrates how over-regulation without matching infrastructure or funding support can unintentionally increase risks.

Case Study: Regional Waste Stockpiling

In several regional areas, facilities have been forced to stockpile low-value materials (such as mixed plastics) when processing pathways were not commercially viable and compliance costs increased. Stockpiling raises fire and contamination risks, while doing little to reduce emissions. Excessive regulatory obligations without market solutions for materials risk repeating these outcomes.

Consequences of Misapplied Regulation

If the EPA’s climate framework is applied inflexibly to landfills, recycling facilities, and WtE plants, the risks include:

- **Illegal dumping and leakage:** higher gate fees or compliance costs may push waste into unmanaged streams.
- **Reduced environmental performance:** stockpiling, hoarding, or misreporting of emissions to avoid compliance costs.
- **Undermined public confidence:** households and councils facing rising charges may lose trust in both operators and regulators.
- **Unbalanced market impacts:** smaller operators, particularly in regional areas, may be unable to meet requirements and forced out of the system, reducing competition.

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Recommendation

WCRA recommends that the EPA:

1. **Conduct a risk assessment** of potential perverse outcomes before finalising requirements, including illegal dumping and regional leakage.
2. **Phase in requirements** with clear transition pathways, ensuring infrastructure and technology are available before compliance is enforced.
3. **Support compliance through funding and levy reinvestment**, recognising that waste operators cannot pass on unlimited costs to councils and households without consequences.
4. **Tailor obligations proportionately**, for example, recognising the scale and type of facility (metro vs regional landfill, small vs large operator).

By designing regulation that is practical and proportionate, the EPA can avoid creating outcomes that worsen, rather than improve, environmental and climate performance.

Need for a Systems Lens

Waste and recycling infrastructure must be viewed as an integrated network, not as a collection of standalone facilities. The effectiveness of the system lies in the way landfills, recycling centres, organics processors, and waste-to-energy (WtE) plants work together to manage society's waste streams.

Evaluating facilities in isolation risks misrepresenting their climate impact. For example:

- A WtE plant may emit carbon dioxide at the stack, but on a lifecycle basis it reduces emissions by diverting organics from landfill (where they would otherwise generate methane, a greenhouse gas 28 times more potent than CO₂) and by displacing fossil-fuel-based electricity in the grid.
- Recycling facilities reduce emissions by avoiding virgin production of metals, plastics, and glass, which carry a much higher embedded carbon footprint.
- Landfills with gas capture systems not only mitigate methane but can also provide renewable energy, offsetting fossil-based generation.

The EPA's own review of fugitive methane emphasises that a hybrid measurement approach is required to capture emissions accurately. Similarly, regulation must adopt a hybrid systems lens, assessing contributions across the waste network, not penalising facilities that perform a climate-positive role when viewed holistically.

Case Study: Waste-to-Energy in Europe

In countries such as Denmark, Sweden, and the Netherlands, WtE plants are recognised as an essential part of the climate strategy. They are integrated into national energy systems, providing district heating and renewable electricity while significantly reducing methane emissions by diverting organics from landfill. Policymakers there account for avoided emissions in assessing WtE's climate contribution, ensuring that facilities are regulated in line with their net system benefit.

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Case Study: Recycling as Carbon Abatement

The Australian Council of Recycling (ACOR) has highlighted that recycling aluminium saves 95% of the energy required to produce virgin aluminium. Similarly, recycling plastics and steel delivers major emissions savings compared with primary production. Facilities that drive these outcomes may appear to be small emitters when considered in isolation, but their avoided emissions benefit far outweighs their operational footprint.

Consequences of a Narrow Facility-Based Lens

If the EPA regulates facilities only on the basis of their direct, site-level emissions:

- WtE facilities may be penalised despite their net role in emissions reduction.
- Recycling facilities may be overlooked, despite being among the most effective forms of climate mitigation in the economy.
- Landfill operators may be burdened disproportionately, even where they are already maximising gas capture and diversion.
- Investment decisions could be distorted, discouraging infrastructure that actually reduces NSW's emissions when viewed at a network scale.

Recommendation

WCRA recommends that the EPA:

1. **Adopt a systems-based framework** that explicitly recognises the integrated nature of the waste network.
2. **Credit avoided emissions** in facility assessments, ensuring that WtE and recycling are recognised for their lifecycle benefits.
3. **Incorporate lifecycle analysis** into compliance reporting, aligned with international best practice.
4. **Engage in network-level planning** to ensure that investments in recycling, organics, landfill gas capture, and WtE are assessed together to optimise NSW's climate outcomes.

By adopting a systems lens, the EPA will ensure that its climate change requirements are evidence-based, fair, and aligned with NSW's net zero objectives.

Reducing Landfill Emissions – The Role of FOGO and Recycling

While landfill gas capture and flaring are critical, the most effective strategy for reducing emissions is to stop high-emission materials from entering landfill in the first place. This applies most notably to food and garden organics (FOGO), but also to other recyclable materials such as metals, plastics, glass, paper, and cardboard.

When organics are landfilled, they generate methane, which the EPA notes accounted for 122,000 tonnes of methane emissions in 2022. When recyclables are landfilled, society loses the significant emissions savings from displacing virgin production. For example:

- Recycling aluminium avoids up to 95% of the energy required to produce virgin aluminium.
- Recycling steel reduces emissions by around 75% compared with virgin ore processing.
- Recycling plastics and glass saves large amounts of energy and avoids upstream fossil extraction.

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Thus, tackling landfill emissions requires a dual focus: (1) organics diversion and processing, and (2) maximising recycling rates across all streams.

Case Study: Victorian FOGO Roll-Out

Victoria's four-bin kerbside system, mandating the separation of FOGO, is projected to divert over 600,000 tonnes of organics annually, delivering methane reductions far greater than any single landfill technology upgrade. The model demonstrates the scale of abatement possible when policy drives upstream separation and investment in composting and anaerobic digestion.

Case Study: Aluminium Recycling

In NSW, aluminium cans collected through the Container Deposit Scheme (CDS) are recycled into new cans with minimal energy input. Each tonne of aluminium recycled avoids approximately 10 tonnes of CO₂-e. This shows that recycling infrastructure is not only a waste management tool, but also one of the most powerful climate mitigation levers available.

Case Study: Paper and Cardboard Recovery

Recycling paper and cardboard reduces landfill methane by preventing the anaerobic breakdown of fibrous materials. It also saves water and energy in manufacturing, multiplying the climate benefit. Where paper and cardboard are landfilled, emissions are significantly higher.

Consequences of Focusing Solely on Downstream Mitigation

If climate regulation concentrates only on landfill gas capture without driving upstream diversion:

- Methane will continue to be generated at high volumes, leaving operators chasing emissions after they occur.
- Recycling opportunities will be missed, forfeiting large upstream emission reductions.
- Investment will be misdirected into expensive end-of-pipe controls rather than systemic transformation.

Recommendation

WCRA recommends that the EPA prioritise upstream diversion of both organics and recyclables as the cornerstone of landfill emissions reduction. Specifically:

1. **Mandate FOGO separation** at municipal and commercial levels, with coordinated investment in composting, anaerobic digestion, and bioenergy facilities.
2. **Expand recycling infrastructure and programs**, ensuring capacity exists for plastics, metals, glass, paper, and cardboard.
3. **Align levy reinvestment** to fund diversion infrastructure, recognising that prevention is more effective than post-disposal treatment.
4. **Integrate recycling outcomes into CCMAPs**, so licensees can demonstrate reductions achieved through diversion as well as on-site mitigation.

By taking a whole-of-system approach, the EPA can achieve significantly greater emissions reductions than by focusing solely on facility-level controls. Recycling and FOGO diversion are not optional add-ons, they are central pillars of climate mitigation in the waste sector.

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Conflicts with Federal Policy

The waste and recycling sector already operates under a complex regulatory environment at the Commonwealth level. Key frameworks include:

- **The Safeguard Mechanism**, requiring facilities with direct (scope 1) emissions above 100,000 tCO₂-e per year to keep within a baseline, or purchase Australian Carbon Credit Units (ACCUs).
- **The National Greenhouse and Energy Reporting Scheme (NGERS)**, mandating emissions reporting for large facilities (including many NSW landfills).
- **The ACCU Scheme**, allowing operators to generate offsets from activities such as landfill gas capture.

The EPA's proposed requirements risk duplication, inconsistency, and double-counting if they are not carefully aligned with these federal mechanisms. Waste facilities should not be subject to overlapping obligations that create compliance confusion and unnecessary costs without delivering additional environmental benefit.

Case Study: Landfill Gas ACCUs

Many NSW landfills already participate in the ACCU Scheme, earning credits for capturing and destroying methane. These projects are independently audited and form part of the federal carbon market.

If the EPA simultaneously requires licensees to offset or reduce the same emissions under CCMAPs, there is a risk that:

- The same abatement is credited twice (once federally, once under EPA), undermining market integrity.
- Operators lose eligibility for future ACCU projects, as abatement required by regulation no longer qualifies as "additional".
- Facilities are forced to buy offsets at inflated prices, even when they are already delivering abatement recognised by the Commonwealth.

Case Study: Safeguard Overlap with WtE

Larger WtE facilities in NSW are likely to be captured by the Safeguard Mechanism, which sets a declining baseline aligned with Australia's net zero targets. If the EPA imposes separate facility-level limits through licence conditions, WtE operators could face two uncoordinated compliance regimes with conflicting baselines and crediting rules. This uncertainty could stall investment in projects that, when viewed lifecycle-wide, reduce emissions by diverting organics from landfill and displacing fossil-fuel electricity.

Consequences of Poor Alignment

- **Regulatory duplication:** multiple reporting requirements for the same emissions under NGERS, Safeguard, and EPA licence conditions.
- **Market distortion:** conflicting rules on offsets and baselines may inflate ACCU demand, driving up compliance costs across the economy.
- **Investment risk:** operators may defer or cancel infrastructure projects if compliance uncertainty undermines financial feasibility.
- **Reputational risk:** accusations of double-counting or inconsistent regulation could damage trust in both state and federal climate policies.

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International Example: Canada's Federal-Provincial Alignment

Canada's approach to carbon regulation demonstrates the importance of alignment. Federal standards set a national floor, while provinces can introduce stricter measures if they are harmonised with federal rules. This prevents duplication and ensures industry operates within a clear and consistent compliance environment. NSW should pursue a similar model, aligning state-level waste requirements with Commonwealth frameworks.

Recommendation

WCRA recommends that the EPA:

1. **Undertake a formal alignment review** with the Department of Climate Change, Energy, the Environment and Water (DCCEEW) to ensure consistency across state and federal regimes.
2. **Avoid duplication** by allowing NGERs and Safeguard reporting to fulfil EPA reporting obligations where possible.
3. **Clarify offset eligibility**, ensuring landfill gas and other projects already generating ACCUs remain valid and are not retrospectively excluded.
4. **Develop joint guidance** with the Commonwealth, providing clarity for facilities captured by both state and federal frameworks.

By aligning its approach with federal schemes, the EPA can minimise compliance costs, avoid double-counting, and provide industry with the confidence needed to invest in long-term emissions reduction infrastructure.

Complications of Emissions Offsetting

Offsets are often presented as a flexible compliance tool, allowing operators to purchase credits to cover residual emissions that cannot be reduced on site. However, their use in the waste and recycling sector is fraught with challenges. If not carefully designed, reliance on offsets can create equity issues, market distortions, reputational risks, and duplication with federal schemes.

Offsets should never substitute for direct, systemic abatement measures such as FOGO diversion, recycling, or landfill gas capture. In the waste sector, where emissions are largely inherited from societal behaviours, requiring operators to offset them risks creating an unfair burden without addressing the root cause.

Risks of Over-Reliance on Offsets

1. **Double Counting:** Landfills that already generate ACCUs for gas capture could be forced to purchase additional offsets for the same abatement, undermining the credibility of both state and federal schemes.
2. **Market Equity:** Large operators with deeper capital reserves could corner offset supply, inflating ACCU prices and disadvantaging smaller councils or operators.
3. **Reputational Risk:** Heavy reliance on offsets risks accusations of "greenwashing" if facility-level emissions remain unchanged. The EU has already faced significant backlash over offset-heavy strategies that failed to deliver genuine emissions reductions.
4. **Policy Interaction:** The Commonwealth's Safeguard Mechanism already includes a Cost Containment Measure (CCM) to manage offset demand. Layering additional state obligations on top risks distorting this national market.
5. **Cost Pass-Throughs:** Offset purchases represent a direct cost that will inevitably flow through to councils, households, and businesses in the form of higher gate fees and service charges.

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Case Study: EU Offset Controversies

In the European Union, several industries relied heavily on international offsets rather than reducing their own emissions. When investigations revealed that many of these projects lacked integrity, both public confidence and policy credibility suffered. Waste operators in NSW risk being placed in the same position if offsets are used as a substitute for real abatement, particularly in a sector that manages emissions on behalf of society rather than creating them.

Case Study: Landfill Gas Projects in Australia

Landfill operators in NSW have successfully generated ACCUs through methane capture projects under the Emissions Reduction Fund (ERF). If the EPA introduces mandatory offset requirements on top of this, operators could face conflicting compliance obligations, unable to claim ACCUs for activities deemed regulatory, but still required to purchase offsets for the same emissions. This creates a perverse situation where investment in proven abatement is penalised rather than rewarded.

Consequences of Misapplied Offsetting

- **Erosion of policy credibility:** accusations of greenwashing if offsetting substitutes for real reductions.
- **Market distortion:** inflated ACCU prices impacting all sectors, not just waste.
- **Reduced abatement investment:** operators may choose to buy offsets rather than invest in infrastructure with long-term climate benefits.
- **Community backlash:** households and councils bearing higher costs for waste services, while perceiving little tangible improvement.

Recommendation

WCRA recommends that the EPA adopt a cautious and integrity-driven approach to offsets:

1. **Prioritise real abatement:** offsets should be used only after all feasible onsite and systemic measures (e.g. FOGO diversion, recycling, landfill gas capture) have been implemented.
2. **Avoid double-counting:** abatement already recognised under the ACCU Scheme should not be subject to additional offset requirements.
3. **Safeguard equity:** ensure smaller councils and operators are not priced out of the market due to offset demand from larger entities.
4. **Limit reliance:** establish clear thresholds or caps on the proportion of compliance that can be met through offsets.
5. **Ensure transparency:** require reporting of offset sources, prices, and volumes to build trust and prevent greenwashing.

Offsets can play a limited role in bridging the gap for genuinely unavoidable emissions. However, they should not become the cornerstone of compliance in the waste sector. The EPA's priority should remain on real, measurable emissions reductions delivered through infrastructure, diversion, and technology, not financial transfers through offset markets.

Need for Comprehensive Regulatory Impact Assessment

The proposed Climate Change Mitigation and Adaptation Plan (CCMAP) requirements represent one of the most significant regulatory shifts for the NSW waste and recycling sector in decades. Before implementation, a comprehensive Regulatory Impact Assessment (RIA) is essential to fully understand the economic, operational, and social consequences.

Without such an assessment, there is a risk that well-intentioned regulation could:

- Place unsustainable financial pressure on councils and operators.
- Distort markets for offsets and abatement technologies.
- Lead to cost pass-throughs directly impacting households and businesses.
- Reduce competition by disproportionately affecting small and regional operators.

Known Cost Drivers

The EPA's own guidance acknowledges that compliance will require:

- **Annual climate change reporting** aligned with NGERs, beginning 2027.
- **CCMAP preparation and publication**, including 10-year projections, every three years.
- **Investment in abatement technologies**, such as landfill gas capture improvements or new monitoring systems.

Each of these elements carries significant costs for operators, particularly public infrastructure such as landfills, which are already subject to levy obligations and price pressures.

Case Study: Waste Levy Pass-Through

Previous increases in the NSW waste levy, when not paired with reinvestment in recycling infrastructure, led to gate fee increases of up to 15% for councils in metropolitan Sydney. These costs were ultimately borne by households through higher rates and charges. If new compliance costs under CCMAP requirements are imposed without funding support, the same outcome is inevitable, with households paying more for essential services without visible environmental benefit.

Case Study: Regional Operators

Smaller regional landfills and recycling facilities operate on tight margins and serve communities with limited revenue bases. If compliance requires significant capital investment in monitoring or abatement technologies, many regional operators will be at risk of financial failure. This could force waste to travel longer distances to larger facilities, increasing transport emissions and costs, and undermining the intent of the policy.

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Market Distortion Risk: ACCUs

Requiring landfills and WtE facilities to purchase offsets will generate new, concentrated demand for ACCUs. Given that many of these facilities already operate under the Safeguard Mechanism or generate ACCUs themselves, the introduction of state-level obligations could:

- Inflate ACCU prices across the economy.
- Reduce availability of credits for smaller businesses.
- Undermine the Commonwealth's Cost Containment Measure.

Consequences of Inadequate Impact Assessment

If no comprehensive RIA is undertaken, NSW risks:

- **Unintended price shocks** for households and businesses.
- **Reduced competitiveness** of the waste sector, particularly against jurisdictions with aligned or less onerous frameworks.
- **Loss of public confidence**, if households perceive regulation as driving up costs without delivering tangible improvements.
- **Unequal impacts**, where small regional councils face higher proportional costs than metropolitan operators.

International Example: UK Landfill Tax

In the UK, landfill tax was introduced alongside detailed modelling and a phased schedule of increases. This allowed operators, councils, and households to prepare for higher costs while ensuring that funding was reinvested in diversion infrastructure. As a result, emissions fell and recycling rates increased, but public confidence in the system was maintained. NSW can learn from this model: policy success depends on phasing, reinvestment, and transparency.

Recommendation

WCRA strongly recommends that the EPA:

1. **Publish a comprehensive RIA** before finalising requirements, including economic modelling of impacts on operators, councils, households, and offset markets.
2. **Model multiple compliance pathways**, comparing costs of abatement technologies, offsets, and diversion strategies.
3. **Assess regional equity impacts**, ensuring smaller councils and operators are not disproportionately burdened.
4. **Reinvest waste levy revenues** to offset compliance costs, particularly for diversion and recycling infrastructure.
5. **Phase in obligations** to allow industry, councils, and households time to adapt.

A robust regulatory impact assessment is not just good practice, it is essential to avoid creating financial, social, and environmental consequences that undermine the intent of climate policy.

Conclusion

The Waste Contractors and Recyclers Association of NSW (WCRA) and its members share the EPA's commitment to addressing climate change, reducing emissions, and building a more resilient future for NSW. Our sector plays a unique and essential role: we are the custodians of society's discarded materials, managing the emissions and risks that arise from consumption and disposal behaviours far beyond our control.

We acknowledge the EPA's leadership in bringing climate obligations into the licensing framework. However, as this submission has demonstrated, applying industrial-style mitigation requirements directly to landfills, recycling facilities, and waste-to-energy plants risks creating unintended, counterproductive outcomes.

Throughout this submission, WCRA has outlined eight critical themes that must guide the final framework:

1. **Recognising lack of input control:** operators cannot determine what enters their facilities, and should be assessed on management performance, not absolute emissions.
2. **Acknowledging inherited emissions:** landfill methane and WtE stack gases are managed on behalf of society, not created by operator inefficiency.
3. **Avoiding perverse outcomes:** over-regulation risks driving waste into illegal dumping, stockpiling, and unregulated channels.
4. **Adopting a systems lens:** regulation must consider the integrated waste network, recognising avoided emissions and lifecycle benefits.
5. **Prioritising diversion:** FOGO separation and recycling are the most effective strategies for cutting emissions, not end-of-pipe controls alone.
6. **Aligning with federal frameworks:** duplication with NGERs, Safeguard, and the ACCU Scheme risks confusion, cost, and double-counting.
7. **Treating offsets cautiously:** integrity, equity, and transparency must be safeguarded, with real abatement always prioritised.
8. **Undertaking a comprehensive impact assessment:** costs for councils, operators, and households must be understood and managed before requirements are imposed.

Taken together, these themes are not barriers to reform but pathways to success. By adopting a balanced, evidence-based approach, the EPA can design requirements that both reduce emissions and strengthen the waste system that every community in NSW relies upon.

WCRA's Commitment

WCRA and its members are ready to be constructive partners in this process. Our industry has a long track record of innovation and investment, from landfill gas-to-energy projects, to advanced recycling infrastructure, to the development of Australia's first commercial-scale WtE proposals. With the right policy settings, we can build on these achievements to deliver even greater climate benefits.

But success depends on collaboration and alignment. We urge the EPA to work closely with industry, local government, and the Commonwealth to ensure that requirements are fair, feasible, and integrated with broader policy frameworks.

Final Message

The waste sector stands at the intersection of consumption and climate. Every product, every meal, every service used by households and businesses eventually passes through our facilities. We cannot choose what comes through the gate, but we can choose how it is managed. With supportive, practical regulation, WCRA members will continue to deliver the innovations and infrastructure NSW needs to meet its net zero goals.

We ask the EPA to design a framework that:

- recognises the realities of our sector,
- leverages the opportunities of recycling and diversion, and
- ensures that essential waste infrastructure is strengthened, not undermined.

In doing so, we will not only reduce emissions, we will protect public health, create circular economy opportunities, and leave a more resilient NSW for future generations.

WCRA looks forward to working with the EPA to turn this vision into reality.



Brett Lemin
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