

Safeguard Taskforce
Department of Climate Change, Energy, the Environment and Water
GPO Box 3090,
Canberra ACT 2601,

Dear Sir / Madam,

The National Waste and Recycling Industry Council (NWRIC) is the principal business Council representing international and national business owners of the sector. Our members' investments include major landfills, resource recovery facilities, firming power facilities, all forms of collection services and a comprehensive range of secondary reprocessing / remanufacturing operations. Council members directly employ more than 16,000 Australians in more than 725 specialty industry-owned assets.

Councils state-based affiliate organisations, represent more than 500 additional businesses including international and national companies but importantly, small to medium family-based companies.

Council members support the principles for reforming the Safeguard Mechanism (SGM) but express we are very concerned any changes made in isolation of other reviews underway and broader landfill emissions reduction activities that Council members are actively involved in, could result in unintended outcomes. We urge caution in terms of making any rushed and unconnected Landfill changes to our current arrangements until:

- The review into the Emissions Reduction Fund (Australian Carbon Unit Credits (ACCUs) as it relates to the landfill gas methodology has been completed and any recommendations made, to ensure the whole-of-picture emissions reduction framework and incentives are well understood by all parties which will enable the greatest emissions reduction contribution by landfills to continue. Therefore, we recommend that the status quo be maintained for landfills during Phase 1.
- Any reforms made to the SGM and its application to landfills must be deferred until Phase 2. We offer with both core understanding of, and significant expertise in all landfill operations our members can provide the department solid evidence-based research that could be used to consider how landfills should be managed in the future, without undermining existing agreements of the SGM. As such it is our preferred position any changes under consideration respect to landfills be deferred until that work is clearly understood and completed as part of Phase II.
- Without this important analysis any material changes made to the way the Safeguard Mechanism (SGM) applies to landfills in our view will lead to incentivising and rewarding perverse outcomes in relation to fugitive emissions unless significant complexities in the way emissions are calculated are first addressed, including how these calculations interact with the SGM.
- The existing model arrangements specific to the National Greenhouse and Energy Reporting System (NGER) as this applies to waste and landfill calculations methods we have found is flawed. In our opinion, the existing model works against world best practice and sound evidence-based understanding. As part of the Phase II analysis, we offer a collaboration between the Department and our industry members be agreed with the objective to explore and develop more precise methodologies that identify and capture real data to support emissions reduction targets.

The NWRIC does not believe the Safeguard Mechanism is a fit for purpose tool for landfills, as it is designed for instantaneous emissions, whereas landfill emissions are generated over the full lifecycle of a working landfill and for a period of up to 30 years post closure. In some locations this could equate to a landfill lifecycle of more than 85 years for some of the larger facilities.

Modern landfills are an essential element in today's integrated waste management infrastructure. Fundamentally they are integral of protecting the community in terms of its health and welfare systems and they ensure impacts to the receiving environment result waste generation is also mitigated and eliminated.

They offer cost effective and reliable disposal of recycling and processing residues and unsorted wastes. Importantly the industry manages generated greenhouse gas emissions result the breakdown of waste in a facility by collection and combustion, either flaring or for renewable power generation. Another critical measure of the importance of landfills for a community is they are the only appropriate source available for the community for the acceptance of large volumes of 'disaster' waste, as is constantly a reminder in many Australian states, whether these are events of fire, cyclone, rain, and flooding disasters.

Council members have made very significant capital investments over the years of managing their landfills to world's best standards. Industry investments require continual capital injection and consume significant operating expense as each facility differs in terms of its climatic and demographic zones, waste intake and management needs.

Some of the non-landfill owner/operator Council members are actively involved in the capture and destruction of methane from landfill facilities and have projects registered under the Emissions Reduction Fund. The ERF as it currently stands, we believe, is a strong and effective incentive for Council members to reduce emissions outside of the safeguard framework.

In its 2018 Review of the National Greenhouse and Energy Reporting legislation NWRIC submitted that it is generally agreed that there is a very limited number of landfills affected by the Safeguard Mechanism because very few facilities exceed 100,000 tonnes of CO₂-e emissions per year.

With a baseline of 100,000 tonnes CO₂-e per annum it was expected only very few of the possible 65 larger Australian facilities sites would be captured in Phase 1. In the Councils view this would in time unfairly commercially disadvantage these sites. An example was provided that, in western Melbourne one site will be covered in time, whilst its neighbouring sites to the north and south will not report nor have any obligations to report.

Further NWRIC notes that landfill emissions are calculated by the NGER modelling calculator. We respectfully suggest that this calculator in the current form is unreliable as a tool to compare landfill sites. As a result, there is no suitable tool to calculate 'national or state' default collection targets under the Safeguard mechanism.

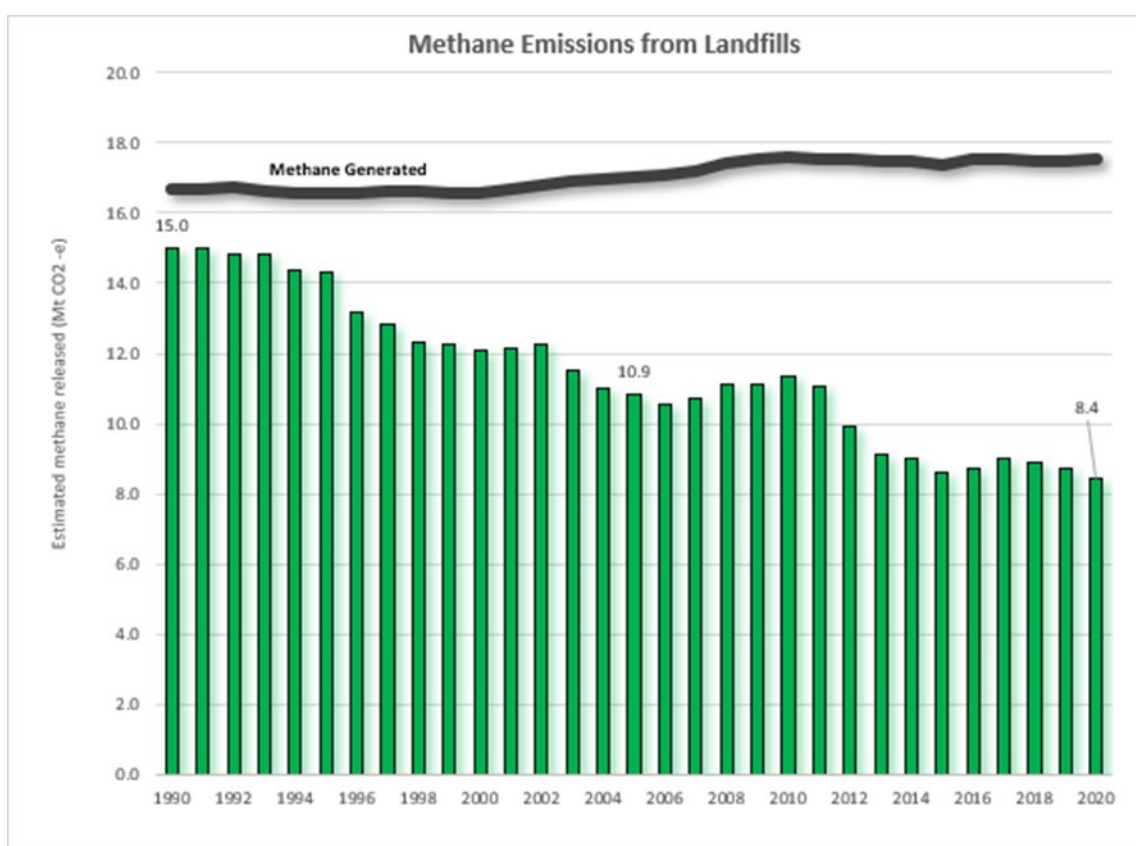
While the NGER model is climatic zone specific - 'Tropical', 'Subtropical', 'Temperate and 'Sub Temperate' - landfill gas generation is significantly impacted by rainfall, depth, and leachate recirculation. For example - in drought conditions generation falls and during prolonged wet periods gas generation rapidly increases.

As a result, the current NGER model is considered by Council members as being not an appropriate tool to calculate annual 'Safeguard Mechanism' liabilities.

The Emissions Reduction Fund (ERF) - and various carbon and electricity schemes before it - has been successful in encouraging landfill operators to collect landfill gas at levels above their regulatory obligations - and in fact the waste sector is unique in that it has reduced its emissions over the last thirty years.

That is, landfill is one of the few sectors to 'decouple' its emissions from waste volume growth using landfill gas capture. As the ERF covers a larger number of sites than the Safeguard Mechanism, it is more effective at ensuring continual emission reduction from landfill. Our members have extracted the data for Figure 01 below to illustrate this point, which further demonstrates that landfill emissions are already reducing under the existing Emissions Reduction Fund (ERF) framework, negating the need for inclusion under Safeguard.

Figure 01: Illustration depicts how landfills have actively reduced emissions over time



Generally, there is agreement that reporting is operating well for landfills. However, we would like to see a scenario whereby operation of the ERF, NGERs and the Safeguard Mechanism for landfills is harmonised and simplified. That is, we believe there should be no conflict between ERF credits and Safeguard Mechanism liabilities.

In closing the Council reaffirms its position that any reforms made to the SGM and its application to landfills must be deferred until Phase 2. We offer that central to that discussion NWRIC members would like to collaborate with that review and that the current NGER calculation tool used for managing landfills be reformed to reflect a more accurate and effective measure of data capture.

The Council endorses and supports all its individual member responses, as these provide more concise and representative operational insights into the role SGM plays and of interaction with the industry's commercial and other business operating environments.

We thank the Department for providing us the opportunity to submit our views and look forward to working with it as part of the ongoing SGM review process.

Yours Sincerely

National Waste Recycling Industry Association

A handwritten signature in black ink, appearing to read "Rick Ralph". The signature is stylized with a large, looped "R" and a long horizontal stroke at the bottom.

Rick Ralph

Chief Executive Officer