9 Sept 2025

Productivity Commission
via online survey

To the Productivity Commission,

Re: Investing in cheaper, cleaner energy and the net zero transformation: Interim report

Veolia is a global leader in water, waste and energy management. The group has nearly 220,000 employees worldwide, including 7,000 employees in Australia and New Zealand across 300 locations. With more than 170 years of experience, Veolia makes a significant contribution to Australia, bringing quality investments, technology, and know-how, with over $3.75 billion in annual revenue, circa $300m invested as BAU every year, as well as several multi-billion-dollar projects.

Veolia welcomes the opportunity to comment on the Productivity Commission's interim report on *Investing in Cheaper, Cleaner Energy and the Net Zero Transformation*.

As recognised in Infrastructure Australia's recent *Delivering Net Zero Infrastructure: Workforce Report* and the Commission's *Opportunities in the circular economy* report, waste and resource recovery infrastructure is an essential service and a cross-cutting enabler of economy-wide decarbonisation and productivity. By capturing landfill methane, recycling materials, and generating low-carbon energy, the sector delivers avoided emissions for other industries while strengthening supply chain resilience and resource efficiency.

CSIRO modelling shows that doubling Australia's circularity by 2035 would add **$26 billion to GDP each year**, cut emissions by **up to 14%**, and divert **26 million tonnes from landfill** annually. Unlocking this potential requires supportive, systems-based frameworks—not counterproductive facility-level penalties that risk distorting competition and holding back investment.

Safeguard Mechanism and Landfills

The interim report recommends lowering the Safeguard Mechanism threshold to include facilities emitting over 25,000 tonnes CO_2-e per year.

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Landfills are essential services, and emissions arise from legacy waste regardless of site size. The current Safeguard threshold targets the relatively small number of very large sites where the biggest, most cost-effective methane reductions can be achieved. Lowering the threshold (e.g., to 25,000 t CO_2-e) would pull many landfills into a complex scheme with few practical abatement levers, driving administrative and compliance costs without commensurate emissions reductions. Those costs would flow to households and local businesses and increase leakage risks (diversion to unregulated sites, stockpiling or illegal dumping), undermining national waste and emissions goals.

Landfills are not like other industrial facilities: they are waste-takers, not manufacturers, with limited control over the timing and composition of emissions from legacy waste. A mandated 5% year-on-year decline is not tenable for smaller landfills. Most facilities will struggle to generate sufficient Safeguard Mechanism credit units (SMCs), making the cost of offsetting unavoidable emissions prohibitive. Lifting the capture-efficiency ceiling to 75% is unlikely to ameliorate the impact of the 5% decline: gas yields are site-specific and diminishing, and many smaller or older sites cannot technically reach that rate even with best practice.

The practical effect of the Safeguard expansion is to **push waste toward sites with no capture infrastructure, increasing—not reducing—national emissions.**

We also note the Commission has rightly stressed the importance of efficient, broad-based frameworks. However, expanding Safeguard coverage without a clear and timely pathway for landfills to generate Safeguard Credits would deter investment in methane capture and energy recovery projects. This risks higher costs for operators and fewer abatement outcomes, undermining the very efficiency the scheme is intended to deliver.

ACCU Scheme as the Right Tool

The Australian Carbon Credit Unit (ACCU) Scheme is a proven and effective mechanism for decarbonising landfills. Landfill operators have already achieved significant reductions through methane capture, flaring, and beneficial reuse projects. With the support of the ACCU Scheme, Veolia ANZ has achieved **greater than 60% landfill gas capture**, well above the Australian average of 46.2%, and is targeting 75% capture by 2032.

We call for the new landfill method to be made as soon as possible, with a future review to extend the proposed crediting period consistent with Recommendation 10 of the Chubb Review.

A Broader, Systems-Based Approach

We welcome the Commission's support for broad-based, technology-neutral frameworks. Such an approach would grow the circular economy initiatives to reduce emissions across the economy, for example, by displacing virgin resource extraction and fossil-fuel energy.

Australia's new Circular Economy Framework sets a target to double our circularity by 2035. To achieve this target, a systems approach, which rewards avoided emissions through resource recovery across value and supply chains, is essential.

Faster and More Coordinated Approvals

We support the Commission's recommendation to streamline approvals. Timely delivery of landfill gas capture, food and garden organics (FOGO) processing, energy-from-waste and advanced recycling facilities is critical to meeting climate and circular economy goals.

Veolia has faced years of delay for two of Australia's most advanced EfW projects — Woodlawn (NSW) and Maryvale (VIC) —due to bespoke, inconsistent state regulations. Despite embedding best-practice EU standards, both projects have undergone repeated technical reviews, deferring investment and jobs. Together, these projects represent **over $1bn private capital**, diversion of **>600,000 tonnes/year of residual waste from landfill**, and reliable energy for **40,000+ homes**. The delays in approving important supply chain services to support the Maryvale facility further **risk 1,000 jobs in the Latrobe Valley**, critical to supporting communities transitioning away from coal mining and electricity generation.

Conclusion and Recommendations

Australia cannot afford policies that look good on paper but deliver perverse outcomes in practice. For the waste and resource recovery sector, this means:

1. **Not extending the Safeguard Mechanism** to cover facilities generating 25,000 tCO2-e or more due to perverse outcomes for waste management and the inability of smaller landfills to meet the decline rate without significant cost impacts.

2. **Strengthen upstream measures.** Accelerate nationally consistent FOGO rollout, Extended Producer Responsibility schemes, and higher landfill levies.

3. **Continue and expand the ACCU Scheme.** Make the new landfill gas method as soon as possible, with future consideration of extending the

crediting period, and remake the Alternative Waste Treatment methods without delay.

4. **Adopt systems-based frameworks.** Recognise the circular economy's cross-cutting productivity and abatement benefits, consistent with Australia's goal to double circularity by 2035.

5. **Streamline approvals.** Deliver faster and more coordinated planning and licensing pathways to unlock private investment in waste and recycling infrastructure.

Thank you again for the opportunity to provide feedback. We would be glad to meet with the Commission to share further our insights. Should you have any questions or require clarification on our submission, please be in touch with [redacted].

Yours faithfully,

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