

To Department of Climate Change, Energy, the Environment and Water

From Australian Landfill Owners Association (ALOA)

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Subject: **2026/27 SAFEGUARD MECHANISM REVIEW**

The Australian Landfill Owners Association (ALOA) appreciates the opportunity to comment on the Australian Government's 2026-27 Safeguard Mechanism Review Consultation Paper.

ALOA is the national body representing landfill owners across Australia and works with industry and government to support policy and regulatory frameworks that deliver positive environmental outcomes while maintaining essential waste management infrastructure. Modern landfills play a critical role in managing residual waste, reducing methane emissions through landfill gas capture systems, and supporting renewable energy generation.

Australia's landfill sector has delivered substantial emissions reductions over recent decades through significant landfill gas capture and abatement investments, seeing Australia become one of the global leaders in reducing emissions from waste. Landfill gas abatement outcomes being achieved are driven by the ACCU Scheme and are expected to continue under existing policy settings.

ALOA reiterates its firm view that landfills should be outside the scope of the Safeguard Mechanism given their unique characteristics and the success of the ACCU Scheme in reducing landfill methane emissions. Insofar as landfills are not excluded at a facility level, ALOA seeks future Safeguard Mechanism settings that recognise reductions already achieved by the waste sector and avoid unnecessary costs for communities and businesses by preserving landfill methane abatement incentives.

The following comments address selected consultation paper topics relevant to these objectives:

TRACKING PROGRESS TO 2030

The landfill sector has delivered substantial emissions reductions through landfill gas capture and renewable energy generation through participation in the ACCU Scheme.

Waste sector emissions have declined despite continued growth in waste generation and population. Continued policy reform should seek to build on these outcomes, not put them at risk.

It is also likely that not all recent emission reductions being achieved have been captured due to the artificial caps that have applied to landfill gas capture under the NGER Determination and the current failure to have a separate reporting category for residual waste where FOGO services are in operation.

REVIEW OF CURRENT SETTINGS

Landfill operators are not responsible for the generation of emissions arising from waste. They provide an essential service, managing the waste from Australian communities and businesses. To drive change in emissions generation, policies that support waste avoidance and recovery are required.

Domestic offsets

The ACCU Scheme is the key driver of methane abatement within the landfill sector and is one of Australia's most successful examples of incentivised emissions reduction. Domestic offset proposals will require careful consideration of the implications arising for continuing investments in current and future ACCU projects across this sector and others.

In relation to the options presented, ALOA observes:

Quantitative limits: For landfill facilities, abatement is already being undertaken at the landfill and once further emissions reduction cannot physically occur, the application of quantitative limits would simply result in additional compliance costs without any corresponding emissions benefits.

Discounting arrangements: If this mechanism is adopted, landfill gas abatement at a Safeguard landfill that earns ACCUs must receive equivalency in ACCU value upon addback for Safeguard calculations.

Vintage restrictions: It is considered this approach would introduce unnecessary market complexity and contribute to avoidable supply and price volatility.

Should changes be made to ACCU usage arrangements to promote others' on-site abatement, the impacts on ACCU demand, market confidence and interactions with Safeguard Mechanism Credits should be carefully considered.

International units

ALOA considers the current focus should remain on domestic emissions reduction and domestic carbon markets.

If international units are considered in future, they should be subject to standards that provide an equivalent level of integrity, transparency and verification as ACCUs.

Inter-temporal flexibility and the cost containment measure

Any changes to banking, borrowing or multi-year compliance arrangements should be considered alongside proposed reforms to ACCU usage to ensure a coherent and predictable policy framework.

Trade exposed and strategic industries

Observing that landfills and other waste sector activities offer early opportunities for provision of renewable gas, ALOA observes the settings adopted will aid domestic energy security for these industries if they act to support uptake of domestically produced renewable gas.

Should border carbon adjustment mechanisms be considered, policymakers should ensure appropriate recognition is given to verified domestic emissions reduction activities, including those undertaken through the ACCU Scheme.

Coverage / coverage thresholds

ALOA considers there is a strong case for landfill facilities to be treated differently from other Safeguard sectors. Landfills differ from most Safeguard-covered facilities because they provide an essential community service, do not control the volume or composition of waste received, and generate methane over long periods as waste naturally decomposes.

Given these unique characteristics, remaining reporting uncertainties, and the significant emissions reductions already being achieved through existing policy frameworks, expanding coverage would increase costs for communities without materially changing waste generation or methane generation outcomes. If landfill facilities remain covered by the Safeguard Mechanism, ALOA recommends maintaining the current coverage threshold of 100,000 tonnes of non-legacy emissions.

ALOA also notes that landfill facilities are subject to unique baseline arrangements reflecting their operational characteristics. Any future reforms should avoid creating abrupt transitions between ACCU participation and Safeguard obligations as facility emissions profiles change over time.

Technical and administrative matters

The calculation of landfill emissions influences both Safeguard coverage and compliance outcomes. Where significant uncertainty remains within emissions estimates, there is a risk that material financial outcomes will arise from modelling assumptions rather than actual measured emissions performance.

Building on this year's welcome improvements to Method 2, ALOA encourages ongoing improvements to NGER reporting and national inventory methodologies to better reflect actual landfill emissions and methane capture outcomes, including through suitable recognition of current and increasing food waste diversion, defaults applying to interim caps and phytocaps and through monitoring uptake of updated Method 2.

MEETING THE 2035 TARGET

Safeguard contribution to the 2035 target

More accurate incorporation of emissions reductions arising from organics diversion programs, landfill gas capture and updated emissions measurement approaches will better inform future policy settings for the sector and hence what is possible within the sector.

ALOA urges adoption of an integrated approach be taken across the waste and resource recovery sector, observing the multiple carbon emission benefits it offers directly and indirectly.

Decline rates beyond 2030

Current landfill baselines are linked to waste volumes received rather than production outputs. While this approach reflects the nature of landfill operations, it also means waste avoidance and organics diversion activities are not fully recognised within Safeguard outcomes. If landfill facilities remain within the Safeguard Mechanism, ALOA supports the development of arrangements that appropriately recognise reductions in methane generation arising from changes in waste composition and improved resource recovery outcomes.

ALOA does not support landfill baseline decline rates that exceed the sector's demonstrated technical capacity for further emissions reductions. The findings of the ACCU Scheme Landfill method review determined a decline rate of 0.5 per cent per annum¹ represents a reasonable and evidence-based upper bound for ongoing improvements in methane capture performance. Applying significantly higher decline rates to landfill facilities would not reflect the operational realities of the sector or the substantial emissions reductions already achieved. It would be unfair relative to other covered sectors' whose emissions had increased significantly between the 1990s to 2005 levels – in strong contrast to the landfill sector. ALOA recommends this evidence-based rate be adopted for landfill baseline decline rates.

Summary

ALOA considers continued access to ACCUs is critical to maximising methane abatement. If landfills remain within the Safeguard Mechanism, ALOA recommends landfill-specific settings, retaining the current 100,000 tonnes non-legacy emissions threshold and limiting baseline decline rates to no more than 0.5 per cent per annum. To do otherwise will unfairly increase costs for landfill operators.

Yours sincerely



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¹ DCCEEW, *Exposure draft supplementary material*, section 3.2.