

Infrastructure Investment Planning

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Global investment landscape

Australia's place as an investment destination

HOW AUSTRALIA COMPARES TO THE REST OF THE WORLD

We're a leading investment destination

- Political and economic stability
- Strong regulatory and legal frameworks
- Government commitment to infrastructure spending
- Sophisticated PPP models
- High population growth in major cities
- Transparent procurement processes
- Well-developed capital markets
- Strong ESG focus and sustainability commitments
- High credit ratings and stable returns
- Strong regulatory support for waste reduction and recycling



HOW GLOBAL INVESTORS VIEW AUSTRALIA

Global capital moves towards advantage

Australia has slipped to third as a desirable destination for international capital investment behind US and EU

- 57% of all ANZIP investments since 2021 are in energy
- 59% of investors prefer water infrastructure as an asset type
- Investor interest in EfW has slipped from 44% to 21% since 2023

All figures from Australian Infrastructure Investment Monitor 2024



90% say Australia is still a good place to invest *

“Labour costs, skilled labour availability and continued frustration with red and green tape are seen as the top challenges to investing in Australia”

VEOLIA READY TO INVEST IN AUSTRALIA

One of our three 'booster' zones



Australia

- Strong environmental regulation driving demand
- Growing waste management needs
- Economic stability
- High urbanisation rate
- Longer term water scarcity challenges



Middle East

- Significant planned infrastructure development
- Critical water desalination needs
- High government spending power
- Rapid population growth
- Strong focus on sustainability initiatives



United States

- Ageing infrastructure requiring renewal
- Large market size and opportunities
- Increasing environmental compliance
- Increasing investment in sustainable solutions
- Strong municipal service demands

Advantages & challenges

Where we are positioned today

TRANSFORMING WASTE INTO STRATEGIC INVESTMENTS

Our advantages

Resource recovery opportunities expanding

- Increasing legislative and regulatory certainty
- Our ability as a sector to influence sustainable outcomes for our customers (eg Scope 4)
- Strong government support for recovery infrastructure
- EfW momentum continues, despite challenges in the West

Our recent examples

- ACT MRF underway
- Spreyton MRF opening
- EarthSure JV Victoria expansion
- EarthPower re-opening
- Expansion of Fibre processing and FOGO in WA



INVESTING IN AUSTRALIA

Key challenges



EPC Market & Expertise

- “Full wrap” EPC framework difficult in the Australian construction market.
- Need for ECI and risk mitigation/allocation
- Lack of experienced EPC delivery teams, particularly M&E, in the Australian market
- Projects like EfW are capital-intensive and risk of delay and budget overruns are significant
- Complex interface management with multiple contractors and stakeholders



Recycled product markets

- Limited disposal options for residuals management and markets for recycled products
- Complex and inconsistent regulation framework and guidelines across states
- Can be cost intensive to develop associated recycling/process infrastructure



Consumables/Cost

- Labour market pressure - both cost and expertise availability
- Reliance on imports for key components
- Insurance costs related to increasing fire risk (lithium batteries in waste streams)
- Availability of structural components and consumables locally
- Resulting in increased overall cost (CAPEX and OPEX) - project viability

THE AUSTRALIAN EFW EXPERIENCE SO FAR

EfW — The challenges of early adoption

Kwinana and East Rockingham delays, cost overruns and litigation. Extensive approvals processes in other jurisdictions.

The lookback:

- October 2018: Kwinana receives environmental approval with intention to be operational by 2021
- October 2020: East Rockingham approved for construction
- November 2022: EPC looks to exit Kwinana after seeking 824 extra days to complete and another \$421M, COVID contributing to delays. Skills, material shortages and technical issues cited as contributors to delays and cost overruns. EPC contractor/affiliate acquires the facility
- August 2024: East Rockingham significant litigation between ProjectCo and EPC contractor
- October 2024: East Rockingham goes into administration
- East Rockingham debt acquired by EPC contractor/affiliate, project to be sold with significantly delayed PC date



The way forward

**What is needed to accelerate
infrastructure investment**

Investment considerations

Attracting direct investment in the resource recovery sector



Certainty of supply and demand for output

Commitment on waste supply to underpin investment while clear markets for product



Social buy-in & existing infrastructure

Required infrastructure with broad stakeholder support



Consistent policy

Clearly defined policy with CIL or application of law clearly defined



Proven technology

Balance need for innovation with proven technology (at scale)

GOVERNMENT AND REGULATOR COLLABORATION

Consistent legislation and regulation

We need to see:

- Policy certainty and commitment to a circular economy
- Nationally consistent regulations - realistic standards
- Clear waste levy pathway and trajectory
- Product stewardship legislation
- Clear and transparent approval pathways
- Balanced approach to social licence
- Government / Industry shared vision for critical infrastructure



VEOLIA'S EFW FIVE-POINT PLAN TO SUCCESS



Safety first in design and operations

Delays can be a result of safety issues



Choose experienced delivery partners

Australia has many reputable delivery partners



Invest wisely

Plan for full life - avoid short term gains & excessive debt



Ensure waste supply

Focus on long term, avoid exploitive pricing



Engage community

Best practice stakeholder engagement

Thank you