

**Supplementary
Submission
No 271a**

INQUIRY INTO PROPOSED ENERGY FROM WASTE FACILITIES

Organisation: Toxics Free Australia

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To the chair of the Select Committee on Proposed Energy from Waste Facilities, NSW Legislative Council, NSW Parliament.

Supplementary evidence for the Toxics Free Australia submission.

Dear Chair and committee,

I wish to bring to your urgent attention this evidence from Japan just received, in relation to the operational performance and the inappropriate conduct findings of the Kanadevia Corporation (previously known as Hitachi Zosen Innova). This technology provider is the preferred technology provider for waste to energy incinerators across Australia and is planned for the Parkes Energy Recovery Facility.

The attached document: *(Progress of Disclosed Matters) Notice of Inappropriate Conduct in Businesses from Other than the Marine Engine Business of Kanadevia Group*, from the Financial Accounting and Standards Foundation (FASF), Japan – details the **decades** of improper measurement of waste incineration volumes, underreporting of waste volumes, falsification of flue gas measurements, exceedance of standard values and falsification related to flue gas and furnace temperatures, and improper operation of their flue gas analyzer.

This damning report by the FASF highlights the failure of Kanadevia to provide adequate operational, risk management and compliance frameworks.

Therefore, this evidence provides clear cause for concern in Australia where the same corporation and technology is being approved.

In Western Australia, where this technology has been approved for the East Rockingham Waste to Energy project, many local governments travelled to Japan to visit the highly acclaimed Japanese waste incinerators. Despite the Rockingham facility not yet being finalised or operational and in receivership and debt of \$470 million, it appears that Large Scale Renewable Energy Certificates are being awarded to this project by the Federal Government.

In addition, Japan has some of the highest levels of dioxin in the population. The evidence in this FASF report, points to a clear potential cause for the high dioxin levels in the Japanese population.

Underreporting waste volumes and falsifying flue gas measurements is an obvious and clear pathway to causing excessive dioxin and other toxic air pollutants to be released to the atmosphere and surrounding environment.

The FASF report was originally focussed on the marine engine business of the Kanadevia Group but has discovered additional misconduct at a range of “other businesses” of Kanadevia including waste incineration. For your convenience I have copied the relevant sections of the report that relate to waste incineration below.

I attach the whole FASF report to this correspondence via email.

4. KVES

(1) Main Business Activities of the KVES Group

The KVES Group companies primarily engage in the operation of waste incineration facilities and recycling facilities. As of April 1, 2025, the KVES Group has 107 branches nationwide, and inappropriate conduct was identified at seven of those branches.

(2) Overview of the Inappropriate Conduct

a. Improper measurement of waste incineration volumes at Branch A

At Branch A, improper measurement practices were conducted by manipulating of opening and closing the crane buckets—specifically, performing “empty measurements” in which no actual waste was loaded but the act was recorded as if waste had been input, and “reverse empty 25 measurements” in which the actual input was not recorded. These improper measurements had been carried out since at the latest around 2003 and were uncovered in July 2024.

b. Improper measurement of waste incineration volumes at Branch B

At Branch B, improper measurements were conducted by using reverse empty measurements and “tare weight adjustments,” which resulted in underreporting of waste input volumes. These improper measurements had been carried out since at the latest February 2001 and continued until October 2024.

c. Improper measurement of waste incineration volumes at Branch C

At Branch C, improper measurements were conducted using reverse empty measurements, which resulted in underreporting of waste input volumes. These improper measurements had been carried out since around 2018 and continued until December 2024.

d. Improper measurement of waste incineration volumes at Branch D

At Branch D, improper measurements were conducted using both empty measurements and reverse empty measurements, which resulted in either overreporting or underreporting of waste input volumes. These improper measurements were carried out continuously from around 1996 until December 14, 2024.

e. Improper measurement of waste incineration volumes and falsification of flue gas measurement values at Branch E

At Branch E, in addition to conducting empty measurements and reverse empty measurements, inappropriate conduct was also carried out in flue gas inspections. Specifically, actual measurement values were falsified using the “low-cut function” and “calibration function” of the DCS. This inappropriate conduct was carried out from around 2007 until August 2024.

f. Exceedance of standard values and falsification related to flue gas and furnace temperatures at Branch F

At Branch F, measurement values for flue gas and furnace temperatures were falsified. These improper measurements continued from April 3, 2016, until July 26, 2023.

g. Improper operation of the flue gas analyzer at Branch G

At Branch G, the flue gas analyzer was set to inspection or maintenance mode to prevent recording of actual measurement values. This inappropriate conduct continued from around 2015, until March 25, 2025.²⁶

(3) Causes of the Inappropriate Conduct at KVES a. Branches

At the branches where the inappropriate conduct occurred, an appropriate framework to manage operational risks had not been established, resulting in operations being carried out without giving due consideration to such risks. The specific causes were a lack of consultation regarding operational risks either within the branches or with customers, the existence of an environment in which inappropriate conduct could be easily committed, and the absence of efforts to foster awareness and understanding of the importance of compliance with customer agreements and relevant laws.

b. Head office departments

The head office departments of both KVES and Kanadevia failed to establish appropriate frameworks to manage operational risks, resulting in operations being carried out without giving due consideration to such risks. The specific causes were an inadequate supervisory structure within the business headquarters, the administrative departments not engaging in appropriate activities based on operational risk considerations, and the insufficiency of the audit system.

c. Management

The management of both KVES and Kanadevia failed to adequately implement company-wide risk management that takes operational risks into account and did not establish the necessary frameworks to address such risks. The specific causes include the lack of a company-wide system to eliminate identified issues and the insufficient monitoring of the implementation statuses of recurrence prevention measures.

I urge the Committee to investigate this report of Kanadevia’s “Inappropriate Conduct” and any statutory, legal, and/or financial ramifications for NSW and Australia that could come from their current operations already approved, those in the pipeline and for the future.

This report is a timely warning about the operational performance and culture of regulatory compliance, that we can expect from this corporation. The Parkes Energy Recovery Project and all other projects using this technology provider - such as the East Rockingham project in Western Australia and the Sunbury and Wollert projects in Victoria – should immediately be suspended until these serious misconduct and non-compliance issues are resolved. The fact that these non-compliant and inappropriate conduct events occurred over decades, only adds to the weight of the seriousness of these crimes.

Yours sincerely,

Jane Bremmer
Chair
Toxics Free Australia

www.toxicfreeaustralia.org.au

13th March 2026