

Stay on target

Australia is off-track and looks set to miss its Paris emission reduction target. National emissions are rising and the government seems unwilling or unable to agree on credible policies to reduce emissions.

Matt Grudnoff and Richie Merzian

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The Commonwealth Government has shelved its centrepiece new climate and energy policy, the National Energy Guarantee (NEG). The Large-Scale Renewable Energy Target (RET) will not encourage any new renewable energy generation capacity after 2020 and the Government's emission reduction fund (ERF) did not receive any new funding in the last budget. Of the \$2.54 billion previously allocated to the ERF only \$250 million remains.

The government claims it is on track to not just to meet its Paris Agreement target of reducing emissions by between 26 and 28 per cent on 2005 levels by 2030, but to do so "in a canter".^{1,2} To back up this claim the Government has variously argued:

- Emissions per person and per dollar of real GDP are falling.

¹ Prime Minister Morrison (2018) *Interview with Paul Murray* <https://www.pm.gov.au/media/interview-paul-murray>

² Department of Environment and Energy (2018) *Australia's 2030 climate change target* <http://www.environment.gov.au/climate-change/publications/factsheet-australias-2030-climate-change-target>

- The government has successfully met previous targets. It has met its 2012 Kyoto target, is on track to meet its 2020 Kyoto target, and therefore the 2030 target will also be met.
- The government’s “business as usual” and technology-driven approach will be enough for us to meet our 2030 target.

This briefing note will look at each of these claims.

Emissions per person and per dollar of real GDP are falling

The former Minister for Environment and Energy Josh Frydenberg said the Government was committed to cutting emissions and:

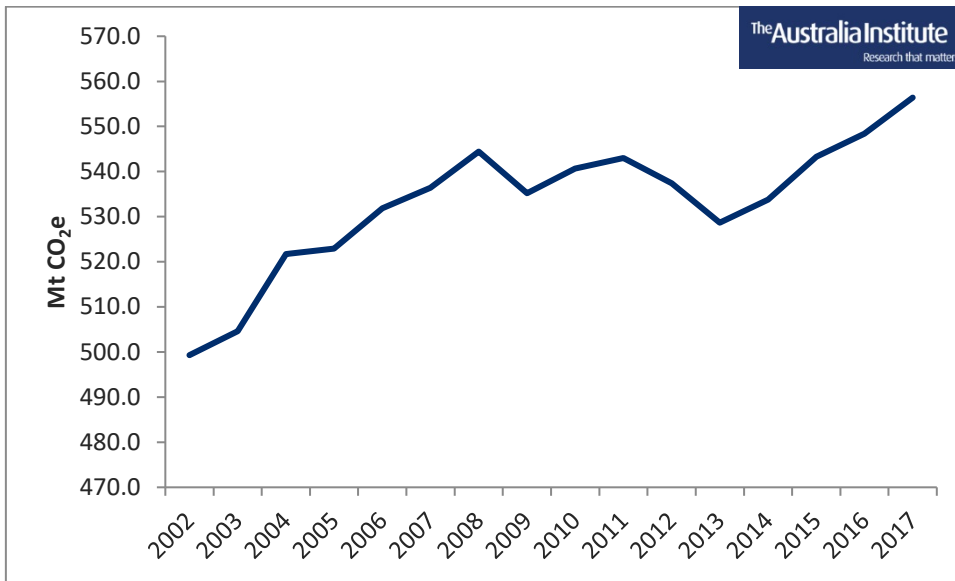
Across the economy, emissions on a per capita [basis and a] GDP basis are the lowest level in 28 years.³

It is true that emissions per capita and emissions per dollar of real GDP are falling. However, Australia’s Paris target is not set in per person or per dollar of real GDP terms. Australia’s target is set in terms of absolute emissions. Australia has committed to reduce its total emissions to a maximum of 442 million tonnes CO₂-e by 2030.

Australia’s Paris target is about the country’s total emissions, which are increasing not decreasing as the target requires. Based on the Government’s own emissions accounting managed by the Department of Environment and Energy, national emissions have risen every year since the carbon price mechanism was repealed in 2014. When excluding unreliable data on land use, land use change and forestry (LULUCF), Australia’s emissions have risen by 22.5 million tonnes or 4.2 per cent since 2014. Figure 1 tracks Australia’s emissions from 2002 to 2017.

³ Chambers G (2018) *Newspoll: Promise to dump NEG a big turn-on for voters*, The Australian, 10 September, available at <<https://www.theaustralian.com.au/national-affairs/newspoll-promise-to-dump-neg-a-big-turnon-for-voters/news-story/2a1c3797df85b9dfedb5206fd5411a17>>

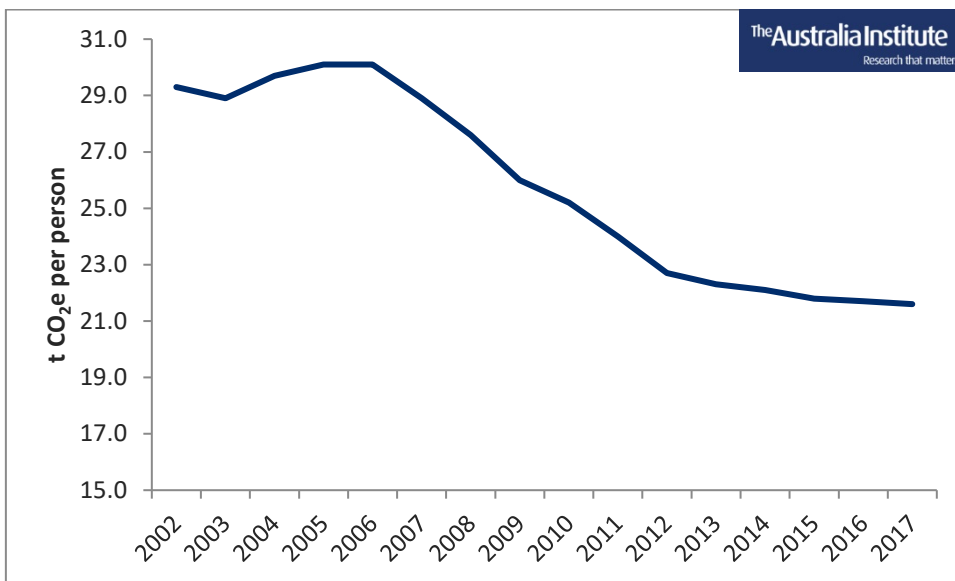
Figure 1 – Australia’s total emissions excluding LULUCF from 2002 to 2017



Source: Department of the Environment and Energy (2018) *Quarterly Update of Australia's National Greenhouse Gas Inventory: September 2017*, May, available at <<http://www.environment.gov.au/climate-change/climate-science-data/greenhouse-gas-measurement/publications/quarterly-update-australias-national-greenhouse-gas-inventory-sep-2017>>

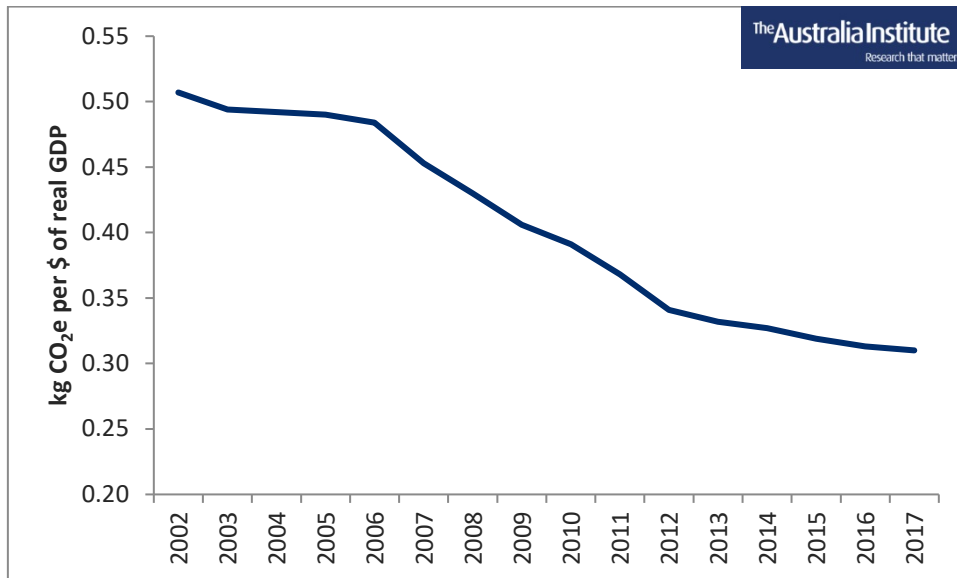
Rather than talk about the absolute level of Australia’s emissions, the Government focuses on emissions per person and emissions per dollar of real GDP. Both of these measures are falling, but their decline has slowed in recent years, as shown in Figures 2 and 3.

Figure 2 – Emissions per person per year from 2002 to 2017



Source: Department of the Environment and Energy (2018) *Quarterly Update of Australia's National Greenhouse Gas Inventory: September 2017*, May, available at <<http://www.environment.gov.au/climate-change/climate-science-data/greenhouse-gas-measurement/publications/quarterly-update-australias-national-greenhouse-gas-inventory-sep-2017>>

Figure 3 – Emissions per dollar of real GDP from 2002 to 2017



Source: Department of the Environment and Energy (2018) *Quarterly Update of Australia's National Greenhouse Gas Inventory: September 2017*, May, available at <<http://www.environment.gov.au/climate-change/climate-science-data/greenhouse-gas-measurement/publications/quarterly-update-australias-national-greenhouse-gas-inventory-sep-2017>>

The explanation for the declines shown in Figures 2 and 3 is that Australia's population and GDP have been growing faster than our emissions. However, this is irrelevant to the country's emissions targets. Australia's Paris commitment is not to reduce emissions per person or per dollar of real GDP but rather to reduce emissions in absolute terms. If the current trend continues then emissions per person and per dollar of real GDP will flatline but – more importantly – Australia's total emissions will continue to rise and it will not meet its Paris target.

Pre-Paris targets have been met

The Government claims that it should be trusted that Australia is on track to meet its Paris target because it has achieved its other international emissions reduction commitments. In this case the government is referring to the first and second Kyoto commitments.

The Foreign Minister Marise Payne said:

I can advise the Senate that Australia has a proud record of meeting our emissions targets. We beat our first Kyoto target by 128 million tonnes. Under our existing policies covering every sector of the economy we're on track to meet and beat our 2020 target, which is a five per cent reduction on 2000 levels.⁴

It is true that Australia met its first Kyoto commitment and is on track to meet its second Kyoto commitment. But these targets were achieved without reducing Australia's absolute emissions.

During the negotiations for the Kyoto Protocol, while all other developed countries committed to reduce emissions, Australia – through a special deal negotiated by the Howard Government – was allowed to increase emissions by eight per cent over the period of 2008-12 on 1990 levels.

The Howard Government also had an article inserted into the protocol that became known as the “Australia clause” that allowed Australia to include carbon emissions from land clearing. This meant that Australia met its first Kyoto commitment by making small changes to land clearing laws. If we exclude changes from land clearing and land use emissions, over the first Kyoto period Australia's emissions increased by 28 per cent.⁵

Under the Kyoto Protocol, countries that beat their first commitment were able to bank and use those excess credits to meet their second commitment. With its special clause Australia easily reached its first commitment and was therefore granted these credits. At the Paris climate conference almost all other nations, including the UK, Germany, Netherlands, Denmark and Sweden cancelled those credits accrued from the first period – to send a positive signal of support for an ambitious climate agreement.⁶ However the current Coalition Government did not cancel their credits and instead is using them to meet their second commitment target.

⁴ Commonwealth Parliamentary Debates, Senate, 11 September 2018, available at http://parlinfo.aph.gov.au/parlInfo/download/chamber/hansards/51734ebb-7dfc-4659-84d1-ce2a1392c0d3/toc_pdf/Senate_2018_09_11_6541.pdf;fileType=application%2Fpdf

⁵ Hamilton C (2015) *Australia hit its Kyoto target, but it was more a three-inch putt than a hole in one*, The Conversation, 16 July, available at <https://theconversation.com/australia-hit-its-kyoto-target-but-it-was-more-a-three-inch-putt-than-a-hole-in-one-44731>

⁶ Taylor L (2015) *Australia isolated as developed nations cancel carryover credits from Kyoto*, The Guardian, available at <https://www.theguardian.com/australia-news/2015/dec/05/australia-climate-talks-developed-nations-cancel-carryover-emissions-reduction-credits-kyoto>

Australia's second commitment was to reduce emissions by five per cent on 2000 levels in 2020. With special credits from the first commitment, Australia is currently on track to meet that target.

According to the government's own emissions projections, emissions in 2020 will be the same as its emissions in 2000. This means that the entire five per cent decrease will be achieved from the credits received from beating the first Kyoto commitment. Those credits in turn were achieved, not through reducing emissions, but through special deals that saw Australia achieve the target without any real changes and while increasing emissions over that period by 28 per cent.

The two Kyoto targets shows that Australia has a track record of getting special deals, not of reducing emissions to meet its commitments. The Paris commitment does not have such a special deal and if the government is to achieve its target it will need to reduce Australia's absolute emissions.

Meeting the targets through “business as usual”

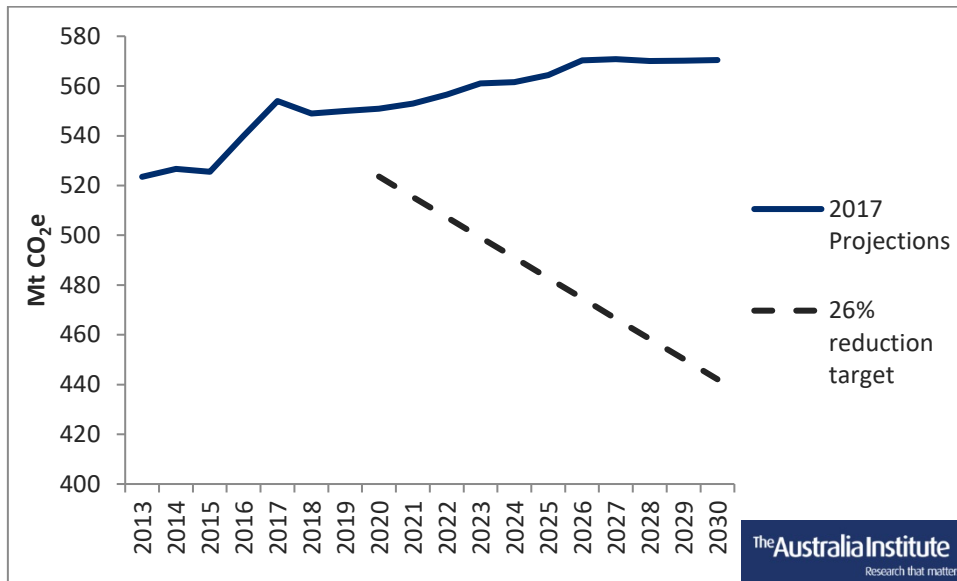
On 11 September 2018, the Prime Minister was asked how the government was going to meet the Paris target. He said:

So what we're seeing though is a business as usual approach, technology-driven approach which will see us, I think, more than meet our targets out to 2030.⁷

The Prime Minister appears to be claiming that current policies, along with improvements in technology, will be sufficient to achieve the Paris target. According to the government's own emissions projections, this is not the case. Figure 4 shows the most recent emissions projections (2017) as well as a straight line pathway to the 26 per cent reduction by 2030.

⁷ 7.30 (2018) *Scott Morrison on becoming prime minister, emissions reduction targets and religious freedoms*, ABCTV, 11 September, available at <<http://www.abc.net.au/7.30/scott-morrison-on-becoming-prime-minister,/10236278>>

Figure 4 – Australia’s 2017 emissions projections to 2030 and the Paris target



Source: Department of the Environment and Energy (2018) *Australia’s emissions projections 2017*, available at <<http://www.environment.gov.au/climate-change/publications/emissions-projections-2017>>

It shows a shortfall in the year 2030 of 128 million tonnes, and a total shortfall of 888 million tonnes between 2020 and 2030. Clearly a business as usual approach will not enable the government to reach the Paris target. In order to meet the target, the government will have to announce additional emission reduction measures.

Conclusion

The Government is not on track to meet the Paris target. If it is truly committed to meeting the target, it will need to announce and implement credible policies that will reduce total emissions. As Australia’s emissions are rising, delaying these policies will make the target harder to achieve. Under the Paris Agreement there are no special deals and Australia cannot rest on its track record. Australia’s emissions are increasing and continuing to delay emissions reduction policies means more will need to be done in future years if we are to meet our 2030 target.



Matt Grudnoff
Senior Economist



Richie Merzian
Director, Climate & Energy