

Banking on Australia's Emissions

Why creative accounting will not get us to net zero emissions

The Australian Government claims that Australia has reduced its emissions by 19 per cent on 2005 levels and is on track to 'meet and beat' its Paris commitments. This claim relies on creative accounting and historical drops in emissions that are unrelated to government policy and do not underpin a net zero trajectory.

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Contents

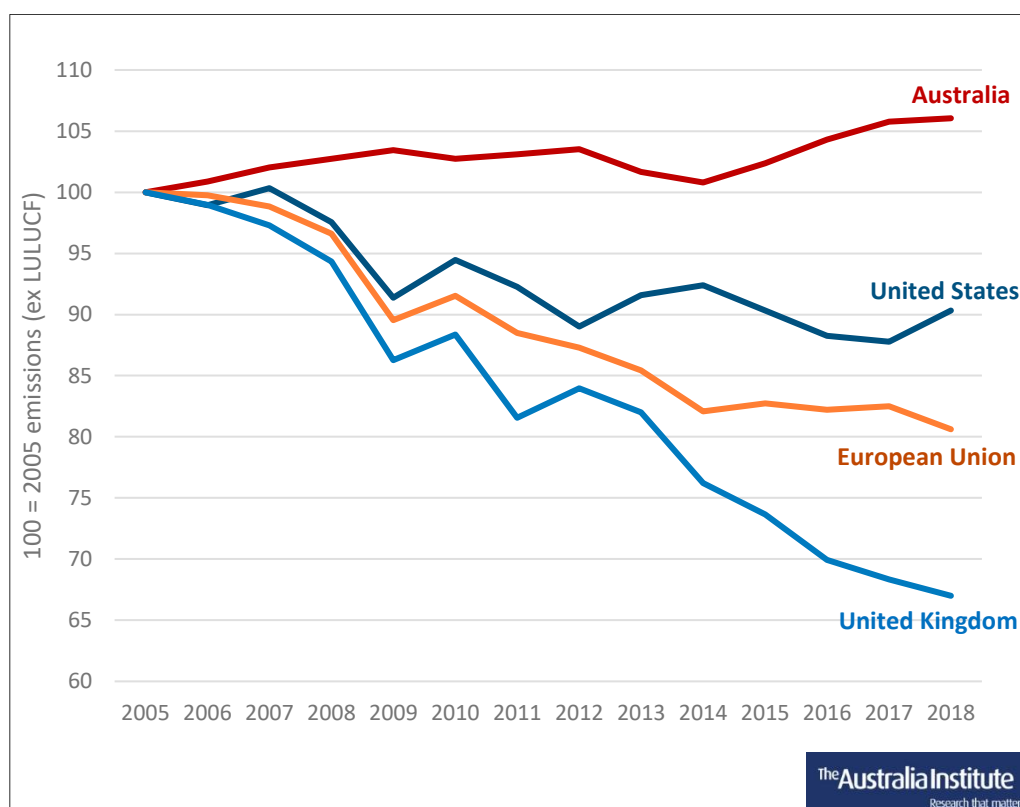
- Summary4
- Introduction.....6
- A non-transition in the Australian economy.....9
 - Doing less than most other economies.....10
 - Land sector emissions11
 - Deforestation Emissions.....12
 - Grazing land management16
 - Forest management16
 - Summary of decline in land sector emissions.....18
 - The impact of the 2017-2019 drought on Australia’s emissions19
 - The impact of Covid-19 on Australia's emissions21
- Conclusion23

Summary

In a strident address to world leaders at the Leader's Summit on Climate on 22 April 2021, Prime Minister Scott Morrison announced that by reducing its emissions by 19 per cent on 2005 levels, Australia is on track to 'meet and beat' its Paris commitments. He also stated that our reduction is 'more than most other similar economies'¹ and that 'Australia is on the pathway to net zero'.²

In reality, Australia's emissions are rising. The reductions the Australian Government is laying claim to are largely related to historical changes in the land sector confined to a very specific timeframe, as well as the impact caused by two major exogenous shocks: the 2017-2019 drought and the COVID-19 pandemic.

Change in the net emissions of major developed economies relative to 2005 (excluding LULUCF and Agriculture emissions)³



¹ Morrison (2021) *Remarks, Leader's Summit on Climate, 22 April 2021*, <https://www.pm.gov.au/media/remarks-leaders-summit-climate>

² Ibid

³ Source: United Nations Framework Convention on Climate Change (2021) *Time Series - Annex I*, https://di.unfccc.int/time_series

When historical land sector changes and the effects of the drought and pandemic are removed it quickly becomes evident that, contrary to the Prime Minister's assertions, Australia has made minimal progress towards net zero and its emissions trends are among the worst in the developed world. While all members of the Group of Seven (G7) have committed to deeper emissions cuts, Australia is being left behind both on ambition and performance.

In this paper we provide a more credible basis from which to judge Australia's progress and compare Australia's emissions trend against that of similarly developed countries. This demonstrates that, while most other developed economies have reduced their emissions since 2005, Australia's emissions have risen.

We then provide an explanation of the causes of reductions in net emissions from the land sector and outline how the Australian Government has strategically taken advantage of years high in deforestation emissions when setting climate targets to conceal the lack of progress in transitioning to a low carbon economy.

Finally we outline the impact of the drought and the pandemic on Australia's emissions in 2020, explaining why the decline in reported 2020 emissions should not be used as a marker of progress.

Introduction

Australia is one of the few countries in the world to steadfastly refuse to increase its climate ambition beyond its Paris goals. It is also one of the few developed countries to have seen its emissions from energy, industry and transport rise over the past decade. Both these positions place Australia at odds with its major allies and trading partners.

In November 2021 representatives from nearly every country in the world will converge for COP26, the next UN summit on climate change. This year's summit is being described as the most significant global climate event since the 2015 Paris Agreement.

The lead up to COP26 has seen a number of countries significantly increase their climate ambition, with many new 2030 and 2050 targets being officially announced at President Biden's Leaders' Summit on Climate on 22 April 2021. The Summit host, and world's second biggest emitter, the United States committed to reducing its greenhouse gas emissions by up to 52 per cent by 2030. Other major economies followed suit with Japan and Canada committing to a 46 per cent reduction, the UK pledging a 68 per cent cut and the EU aiming to reduce emissions by at least 55 percent by 2030.

Australia's major trading partners China, Japan, the United States and South Korea have also all set net zero targets in addition to their shorter-term targets. This leaves Australia in an embarrassing position diplomatically and has serious consequences for our exports.

Unperturbed by the increased ambition of his counterparts at President Biden's Summit, Australia's Prime Minister Scott Morrison's address to world leaders brought no new announcements. In his speech the Prime Minister remained resolutely wedded to Australia's Paris commitment of a 26–28 per cent reduction on 2005 levels by 2030 and declared that the country is already on the pathway to net zero.

The Prime Minister's claim that Australia is 'well on the way to meet and beat' its Paris commitments and is doing 'more than most other similar economies' is underpinned by another claim: 'that Australia has already reduced its emissions by 19 per cent on 2005 levels'⁴.

This figure echoes a statement made earlier that month to the Business Council of Australia.

Already total emissions in Australia are 19 per cent lower at the end of 2020 than they were in 2005. 19 per cent...So don't let it be said by those who want to talk Australia down in what we're doing on emissions that we're not carrying our load. We are, and we are leading the way. Our domestic emissions have already fallen by 36 per cent

⁴ Morrison (2021) Remarks, Leader's Summit on Climate, 22 April 2021, <https://www.pm.gov.au/media/remarks-leaders-summit-climate>

*from 2005 levels. That sounds to me like Australia doing its heavy lifting in our part of the world*⁵

Both the statements by the Prime Minister have received only limited public scrutiny.

Leaving aside the patently absurd claim of a 36 per cent reduction (a reference to what Australia's emissions reductions would be if exports such as liquified natural gas were excluded from the inventory⁶), the 19 per cent figure is misleading. It is a figure drawn from the *National Greenhouse Gas Inventory Quarterly Update: September 2020*⁷ and deceptively implies active implementation of emissions reduction policies to meet our climate commitments.

As Figure 1 shows, Australia's overall emissions did decline between 2005 and 2020. What can also be seen is that this decline is not distributed evenly across the economy, but rather confined to a single sector: Land Use, Land Use Change and Forestry (LULUCF). As we will explain, in his statements, the Prime Minister is essentially taking credit for an historical and incidental downturn in emissions in this sector and attempting to elevate it to a function of deliberate climate action.

Figure 1 also shows that emissions declined between 2019 and 2020, this time more uniformly across the sectors of the economy. Again, this decline was not related to the implementation of climate policy, but an effect of severe drought and the COVID-19 global pandemic. Emissions that were depressed by these factors have already started to rise again⁸. When the Prime Minister uses results that includes the emissions drops caused by these events out of context it gives an even more misleading picture of Australia's progress.

Australia currently has no effective climate policies and is not on a net zero pathway. When historical land sector emissions and the aforementioned exogenous shocks are removed from the data, Australia's emissions actually increased from the period 2005 to 2019.

As this paper reveals, the Prime Minister's claims that we are on track to meet and beat our Paris target and that we are doing more than other countries simply do not stack up.

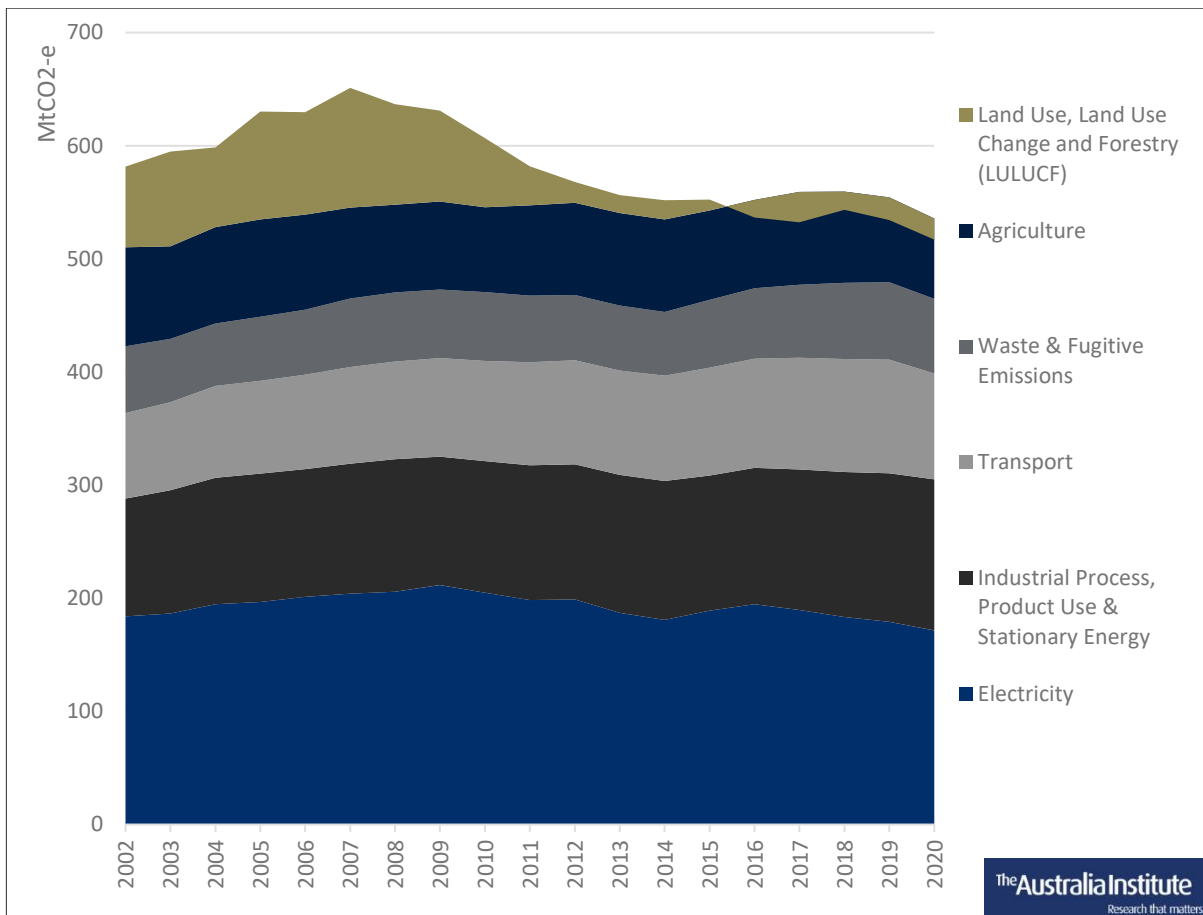
⁵ Morrison (2021) *Address, Business Council of Australia Annual Dinner – Sydney, NSW*, <https://www.pm.gov.au/media/address-business-council-australia-annual-dinner-sydney-nsw>

⁶ Editorial (2021) *Doing things our way on cutting greenhouse gases*, <https://www.theaustralian.com.au/commentary/editorials/doing-things-our-way-on-cutting-greenhouse-gases/news-story/11e9f03d2904e687a8f448e2329b6065>

⁷ Department of Industry, Science, Energy and Resources (2021) *National Greenhouse Gas Inventory Quarterly Update: September 2020*, <https://www.industry.gov.au/data-and-publications/national-greenhouse-gas-inventory-quarterly-update-september-2020>

⁸ Saddler (2021) *National Energy Emissions Audit: January 2021*, <https://australiainstitute.org.au/report/national-energy-emissions-audit-january-2021/>

Figure 1. Australia greenhouse gas emissions, by sector, September 2002 to September 2020

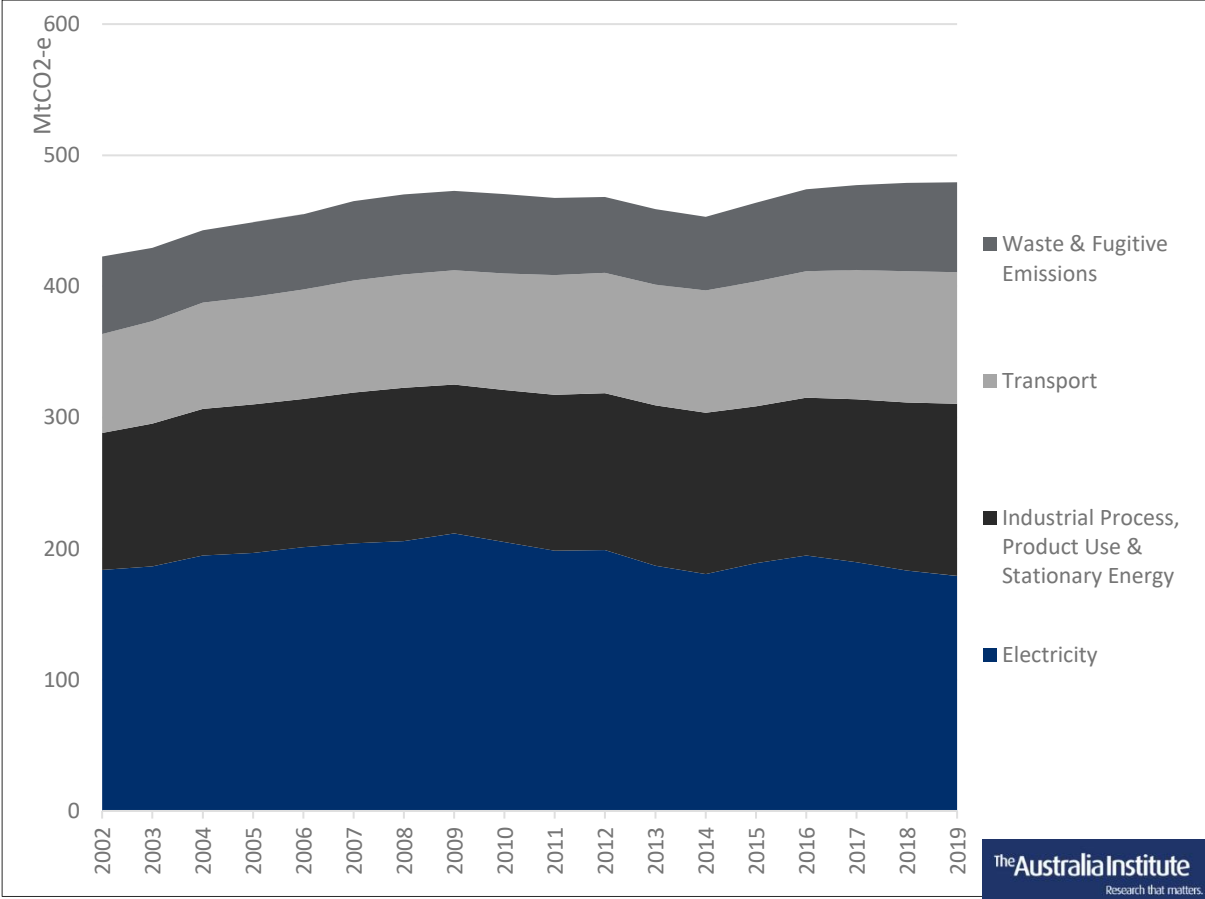


Source: Department of Industry, Science, Energy and Resources (2021) National Greenhouse Gas Inventory Quarterly Update: September 2020, <https://www.industry.gov.au/data-and-publications/national-greenhouse-gas-inventory-quarterly-update-september-2020>

A non-transition in the Australian economy

The easiest way to test whether Australia is on a path to net zero — as the Prime Minister claims — is to exclude the land sector, and the impacts of the drought and the pandemic from the national inventory. This can be done by removing land and agriculture emissions and confining the period of analysis to the end of 2019. As Figure 2 shows, over the period 2005 to 2019, Australia’s emissions, excluding the land and agriculture sectors, increased by 7 per cent, or approximately 0.5 per cent per annum.

Figure 2. Australia’s greenhouse gas emissions, excluding LULUCF and agriculture, 2002–2019



Source: Australian Government (2020) *Australian Greenhouse Emissions Information System*, <https://ageis.climatechange.gov.au/>; Department of Industry, Science, Energy and Resources (2021) *National Inventory Report 2019: The Australian Government Submission to the United Nations Framework Convention on Climate Change*, Australian Government, Canberra.

The only real positive story in relation to economic transition relates to electricity generation, where increased penetration of renewables and increased energy efficiency has driven down emissions since the late 2000s.

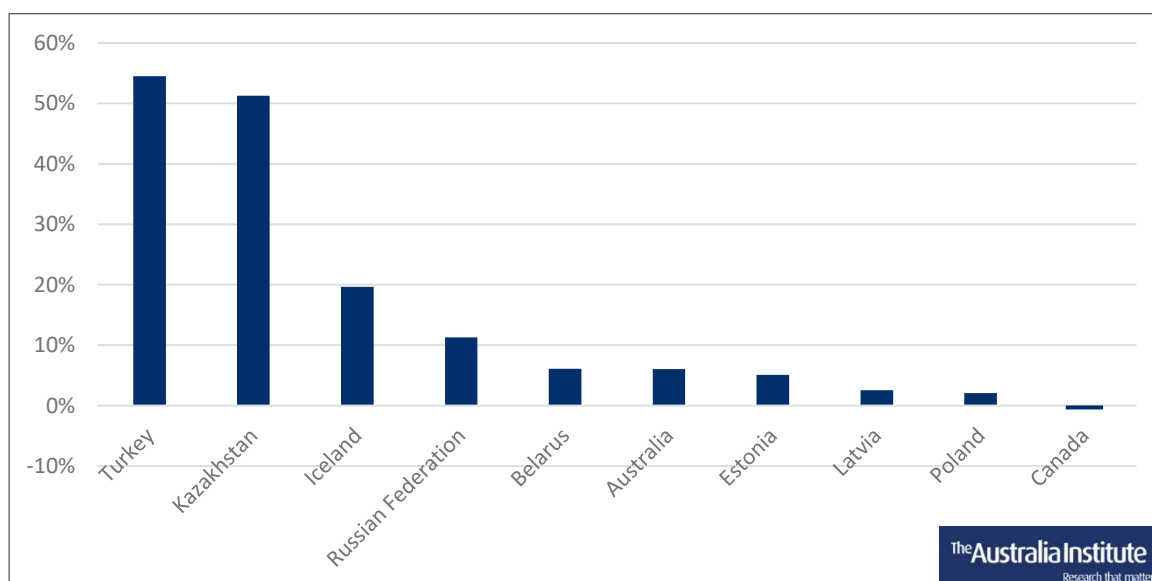
This is important, and is a sign that transition can be achieved with minimal economic distribution, if any. However, to date, the positives in the electricity sector are being offset by growth in emissions in other sectors.

It should be noted that government policies designed to drive the increase of renewables in Australia pre-date the current federal government, which came to power in 2013. While the Australian Government is now taking credit for the dramatic increase in renewable energy deployment in Australia⁹, many of these policies were opposed to by the coalition government and were only saved thanks to crossbench Senators¹⁰.

DOING LESS THAN MOST OTHER ECONOMIES

As to the Prime Minister's insistence that Australia is doing 'more than most other similar economies', this is also not the case. Over the period 2005 to 2018¹¹, Australia had the 6th highest emissions growth amongst Annex I countries (economies that were classified as industrialised or in transition at the time of signing up to the United Nations Framework Convention on Climate Change), behind Turkey, Kazakhstan, Iceland, Russia and Belarus (Figure 3). It is difficult to describe this as world leading progress towards a net zero economy.

Figure 3. Top 10 Annex I (developed) countries with the largest percentage increase in emissions between 2005–2018



Source: United Nations Framework Convention on Climate Change (2021) *Time Series - Annex I*, https://di.unfccc.int/time_series

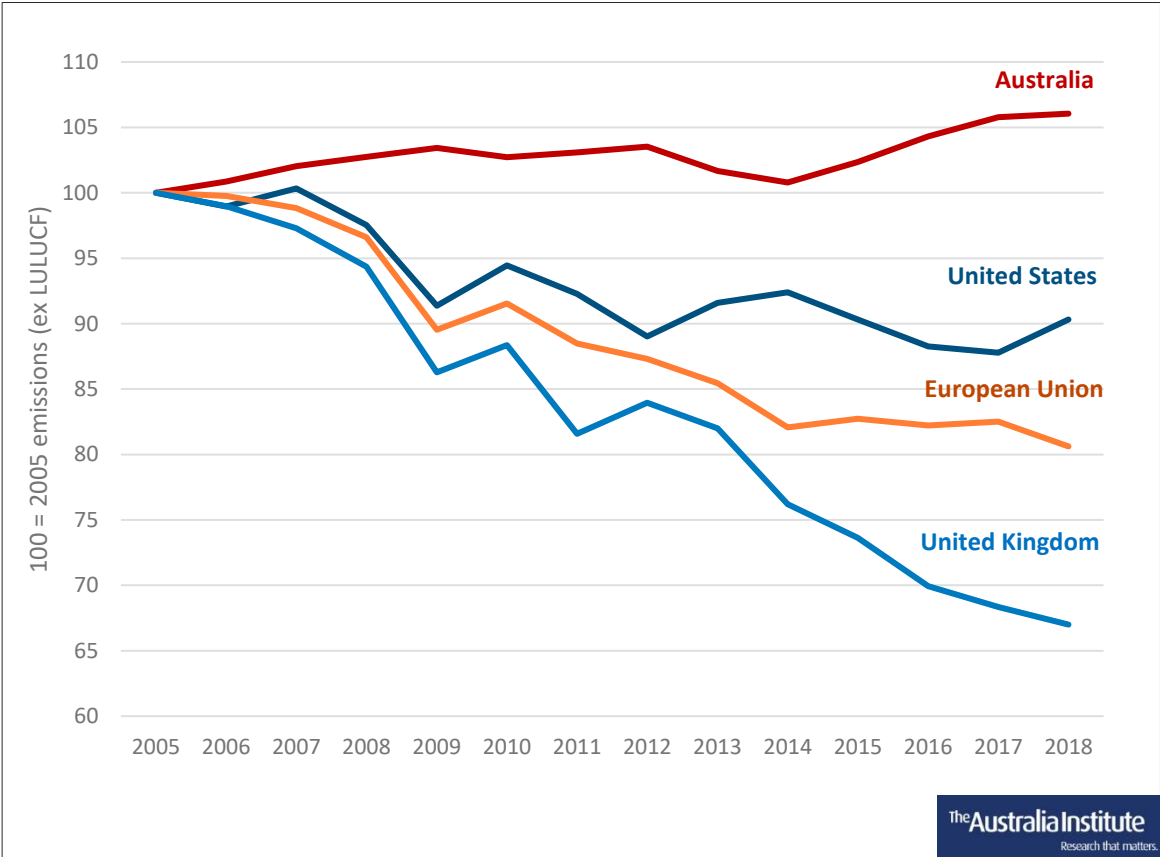
⁹ Morrison (2021) *Remarks, Leader's Summit on Climate, 22 April 2021*, <https://www.pm.gov.au/media/remarks-leaders-summit-climate>

¹⁰ Browne, Campbell and Cass (2019) *Saved by the Bench*, p 3, <https://australiainstitute.org.au/report/saved-by-the-bench/>

¹¹ Full data sets for comparable countries are only available up until 2018. However we would not expect trends to change significantly from 2018 to 2019. https://di.unfccc.int/time_series

Further, as Figure 4 shows, over the period 2005 to 2018, most other comparable Annex I countries have started the journey towards a low carbon economy. Australia is the exception. It is the only one of these countries (or country groupings in the case of the European Union) whose emissions have increased over this time.

Figure 4. Change in the net emissions of major developed economies relative to 2005 (excluding LULUCF and Agriculture)



Source: United Nations Framework Convention on Climate Change (2021) Time Series - Annex I, https://di.unfccc.int/time_series

LAND SECTOR EMISSIONS

Australia has a long history of manipulating greenhouse accounting rules in the land sector (technically known as ‘Land use, land-use change and forestry (LULUCF)’) to achieve its international mitigation targets. In the first commitment period of the Kyoto Protocol (2008-2012), the international climate treaty that preceded the Paris Agreement, Australian negotiators insisted on a special rule known as ‘The Australia Clause’, allowing it to include deforestation emissions in its 1990 base year (this was on top of negotiating that Australia be

allowed to increase emissions to 108% of 1990 levels).¹² Negotiators knew deforestation had declined sharply since 1990 and that including deforestation in the base year would enable Australia to claim credit for emissions reductions that had already occurred and were largely unrelated to policy changes. The international community relented to get Australia's support for the Protocol. The rule change allowed Australia to increase its emissions baseline, which would be used for future accounting, by 148 million tonnes (Mt) of carbon dioxide equivalent (CO₂-e) and enabled it to claim almost 90 MtCO₂-e of emissions reductions that occurred before the Kyoto Protocol was even signed.

In 2015, when pledging targets under the Paris Agreement, Australia moved its base year from 2000 to 2005 (a notably higher emissions year), ostensibly to make comparison with Canada and the United States easier. By selecting 2005 as its reference year, Australia has effectively repeated the same trick as it did in 1997: claiming reductions that had already happened. This time it relied on four land sector activities—deforestation; grazing land management; forest management; and afforestation and reforestation—to exaggerate its claims about emissions reductions since 2005. A target of 26–28 per cent reduction sounds like a bigger achievement than it is;¹³ if Australia had stuck with a baseline year of 2000, the 2030 target is only a 19–22 per cent cut.¹⁴

Using land sector emissions in Australia's inventory is technically 'within the rules' of international accounting accepted by the UNFCCC.¹⁵ However, Australia's treatment of the land sector is not only morally ambiguous, more importantly, it conceals a lack of real emissions reduction. Clever accounting will not result in limiting global warming to 1.5°C, nor will it help Australian industry or households to prepare for a carbon constrained world.

Deforestation Emissions

The 2005/2006 spike in Australia's deforestation was a result of the Queensland State Government's efforts to reduce land clearing. In anticipation of its ban on broad-scale clearing of remnant vegetation, the Queensland Government issued clearing permits over several hundred thousand hectares of land. As shown in Figure 5, this pushed up the rate of forest

¹²Loynes (2016) *Australia and the Doha Amendment: a quick guide*, https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1617/Quick_Guides/QG-DohaAmendment

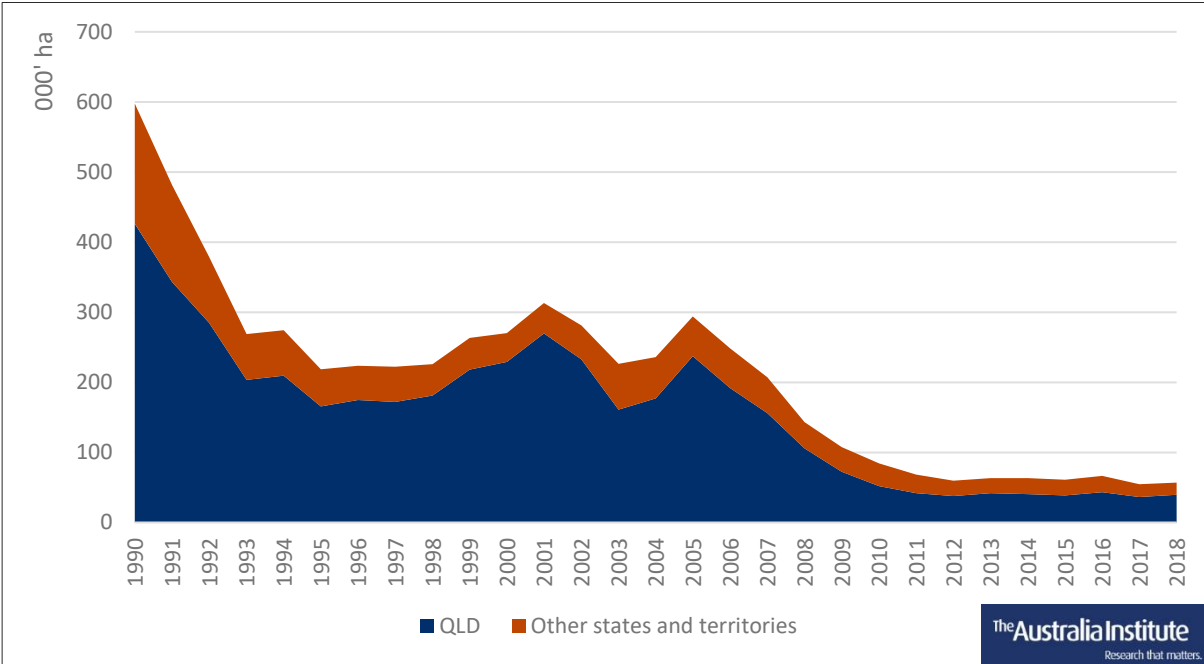
¹³ Department of the Prime Minister and Cabinet (2015) *Setting Australia's post-2020 target for reducing greenhouse gas emissions*. Final report of the UNFCCC Taskforce. Australian Government, Canberra; Australian Government (2015) *Australia's 2030 Emission Reduction Target: Strong, credible, responsible*. Australian Government, Canberra.

¹⁴ Department of the Prime Minister and Cabinet (2015) *Setting Australia's post-2020 target for reducing greenhouse gas emissions*. Final report of the UNFCCC Taskforce. Australian Government, Canberra; Australian Government (2015) *Australia's 2030 Emission Reduction Target: Strong, credible, responsible*. Australian Government, Canberra.

¹⁵ UNFCCC *Reporting and accounting of LULUCF activities under the Kyoto Protocol* <https://unfccc.int/topics/land-use/workstreams/land-use-land-use-change-and-forestry-lulucf/reporting-and-accounting-of-lulucf-activities-under-the-kyoto-protocol>

conversion (first time clearing of remnant vegetation to meet other land needs) over this period. After the transition period the rates of forest conversion declined, however there is debate about the role played by the Queensland Government’s vegetation laws in driving down the rates of land clearing. Several studies suggest the decline in deforestation may be more a product of climate, market and other socio-economic factors rather than changes in vegetation laws, and that the effectiveness of vegetation laws has been stifled by policy uncertainty. Whatever the case, the decline had already occurred by the time the Australian Government chose 2005 as its revised base year for its international commitments.

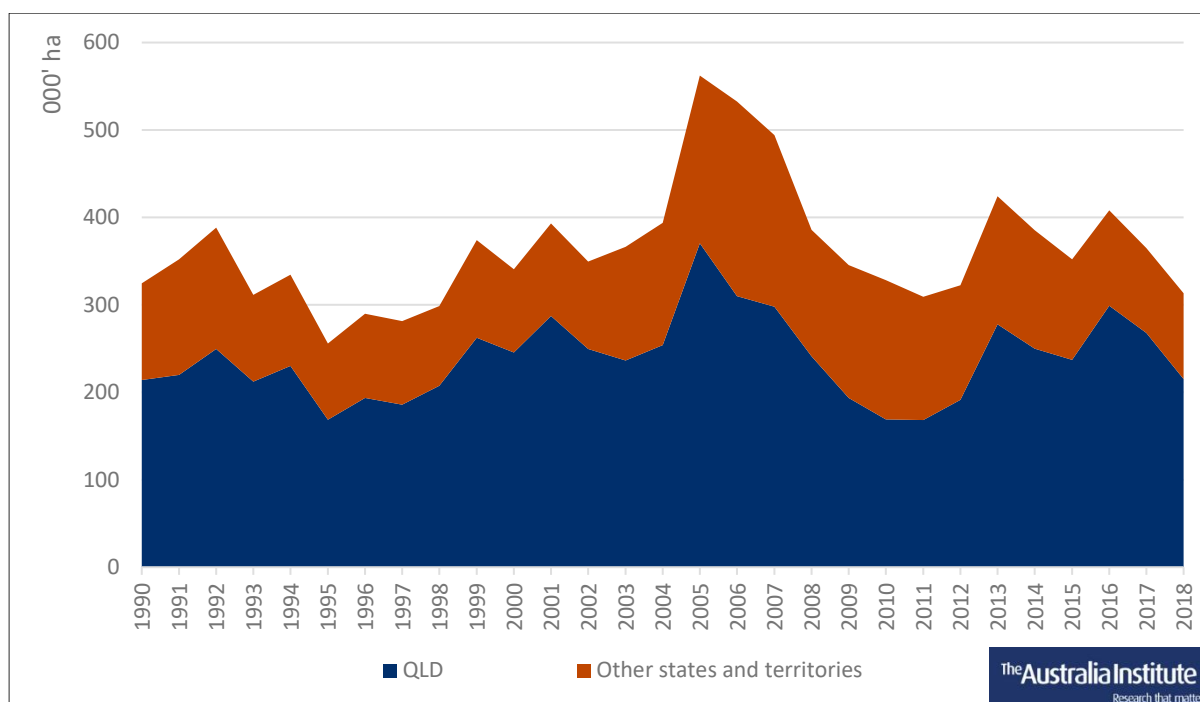
Figure 5. Rate of forest conversion in Australia, hectares per year, by jurisdiction, 1990–2018



Source: Australian Government (2020) *Australian Greenhouse Emissions Information System: Activity Tables*, <https://ageis.climatechange.gov.au/>

2005 was also a peak year in reclearing (the clearing of forest that has regenerated after been previously cleared). This is shown in Figure 6. Over the period 1990 to 2018, reclearing averaged 365,000 hectares per year nationally, and 238,000 hectares per year in Queensland. However, in 2005, the reclearing rate was 562,000 hectares nationally and 370,000 hectares in Queensland. Since then, the rates of reclearing have fallen back to levels roughly in line with the long-term average.

Figure 6. Rate of reclearing in Australia, hectares per year, by jurisdiction, 1990–2018

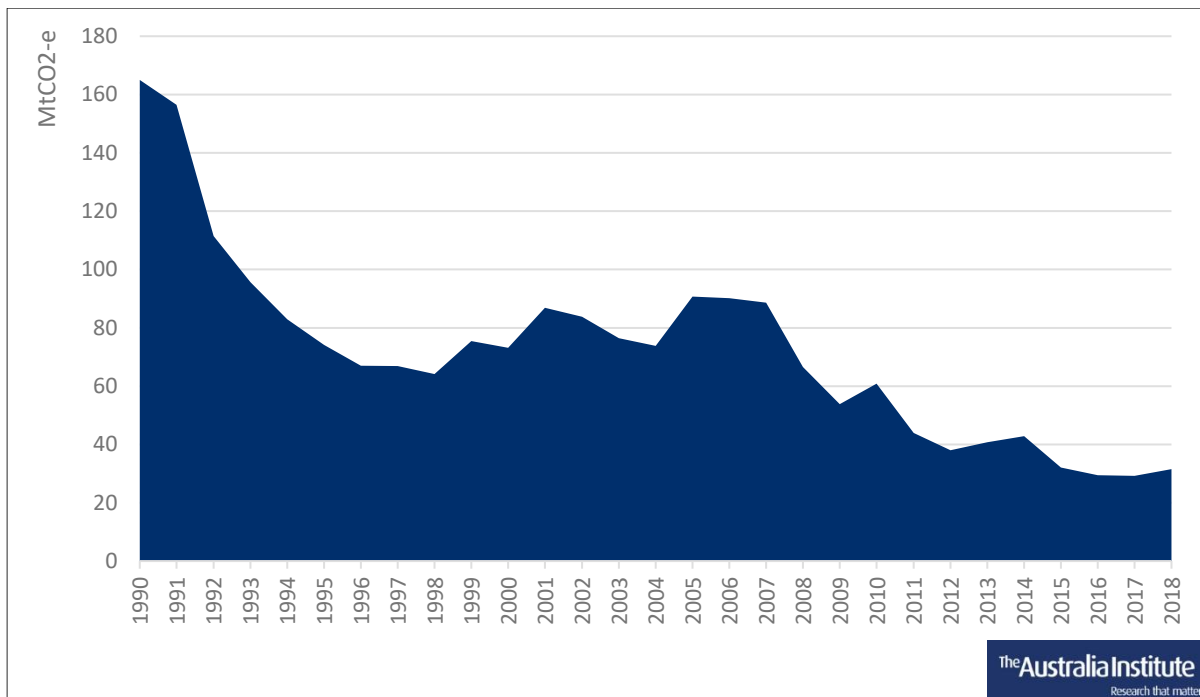


Source: Australian Government (2020) *Australian Greenhouse Emissions Information System: Activity Tables*, <https://ageis.climatechange.gov.au/>

Combined, the spikes in forest conversion and reclearing resulted in Australia’s deforestation emissions reaching 91 MtCO₂-e in 2005, the highest levels since the early 1990s. As Figure 7 shows, since then, they have fallen to around 30 MtCO₂-e per year.

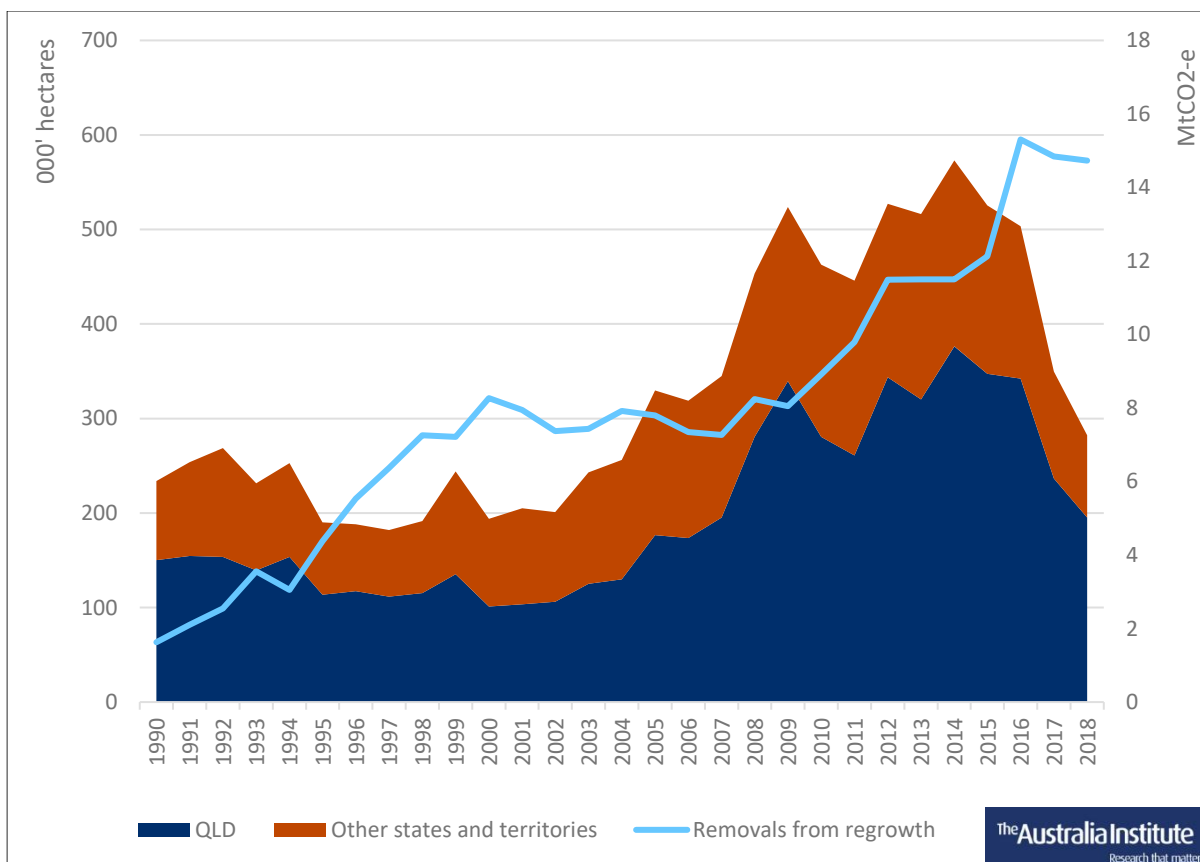
Deforestation emissions consist of two things: carbon released from vegetation and soils when forests are cleared; and removal (sequestration) of carbon by vegetation that subsequently regrows on the site. Conveniently for Australia, the La Nina-related rains that brought an end to the Millennium Drought in 2010/11 triggered off widespread regeneration of native forests in Australia’s rangelands, including in areas previously deforested. This is shown in Figure 8. Increased rainfall in the late 2000s and over the period 2010–2012 resulted in a surge in regrowth on lands that had previously been deforested. The increased regrowth was not matched by an increase in the rates of reclearing, resulting in an increase in regrowth related emissions removals. This provided Australia with an additional 15 MtCO₂-e per year of ‘free’ abatement, which has helped pull down Australia’s net emissions from deforestation.

Figure 7. Deforestation emissions in Australia, MtCO₂-e, 1990–2018



Source: Australian Government (2020) *Australian Greenhouse Emissions Information System*, <https://ageis.climatechange.gov.au/>

Figure 8. Rates of regrowth by jurisdiction (hectares per year) and net Co² removals from regrowth (MtCO₂-e) on previously deforested lands, 1990–2018

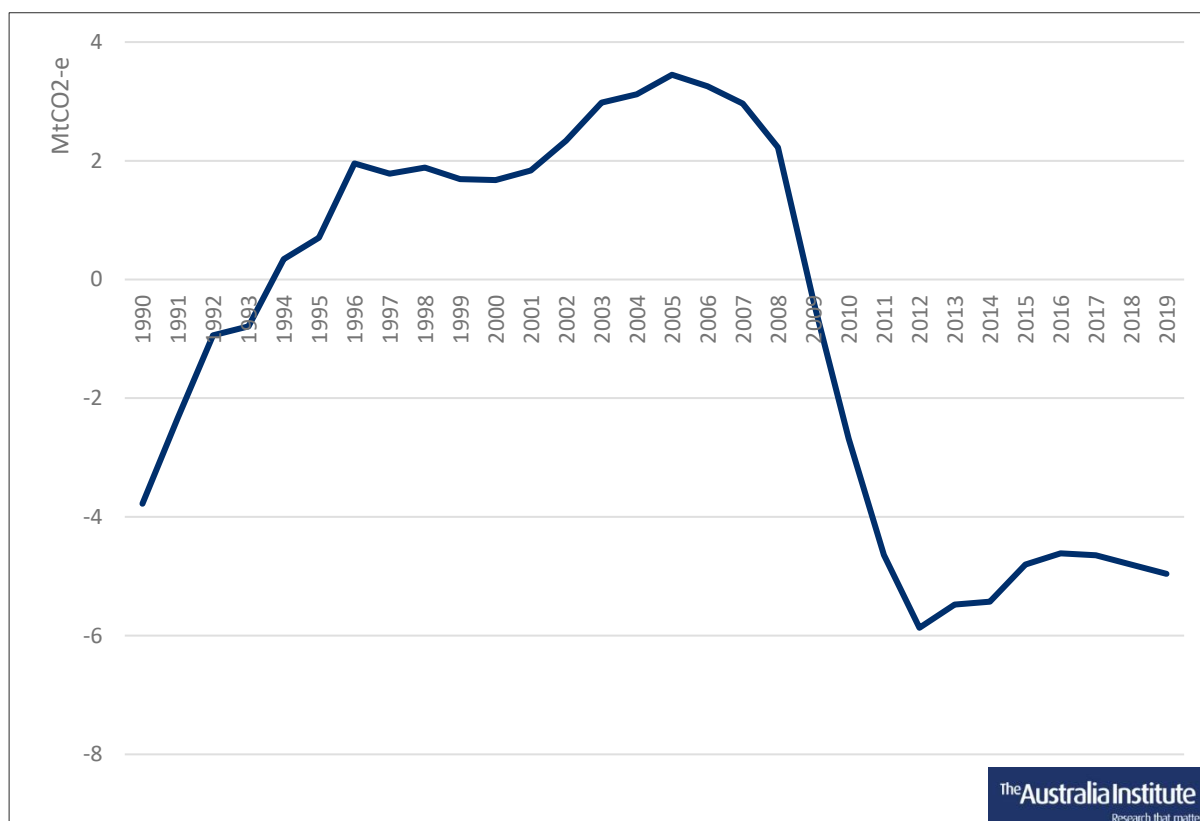


Source: Australian Government (2020) *Australian Greenhouse Emissions Information System*, <https://ageis.climatechange.gov.au/>

Grazing land management

The same La Nina-related rains that prompted forest regrowth on deforestation lands also triggered the growth of woody vegetation on grazing lands. This resulted in similar trends in emissions removals, only they are recorded under grazing lands as an increase in sequestration in sparse woody vegetation.¹⁶ This is shown in Figure 9. Sparse woody vegetation went from a net source of emissions of 3.4 MtCO₂-e in 2005 to a net sink in recent years of around 4.6–5.0 MtCO₂-e per year; a turnaround of more than 8 MtCO₂-e per annum. Again, these changes are unrelated to policy – they are a product of rainfall, hardly a basis for claiming Australia is on its way to net zero.

Figure 9. Net emissions from sparse woody vegetation on grazing lands, MtCO₂-e, 1990–2019



Source: Australian Government (2020) *Australian Greenhouse Emissions Information System: Activity Tables*, <https://ageis.climatechange.gov.au/>; Department of Industry, Science, Energy and Resources (2021) *National Inventory Report 2019: The Australian Government Submission to the United Nations Framework Convention on Climate Change*, Australian Government, Canberra.

Forest management

The past 20 years has seen significant structural changes in Australia's forestry industry. The two dominant trends have been an increase in short-rotation hardwood plantations and the

¹⁶ Some of the increase in woody growth has also been recorded as afforestation/reforestation. See Department of Industry, Science, Energy and Resources (2021) *National Inventory Report 2019: The Australian Government Submission to the United Nations Framework Convention on Climate Change*, Volume 3. Australian Government, Canberra.

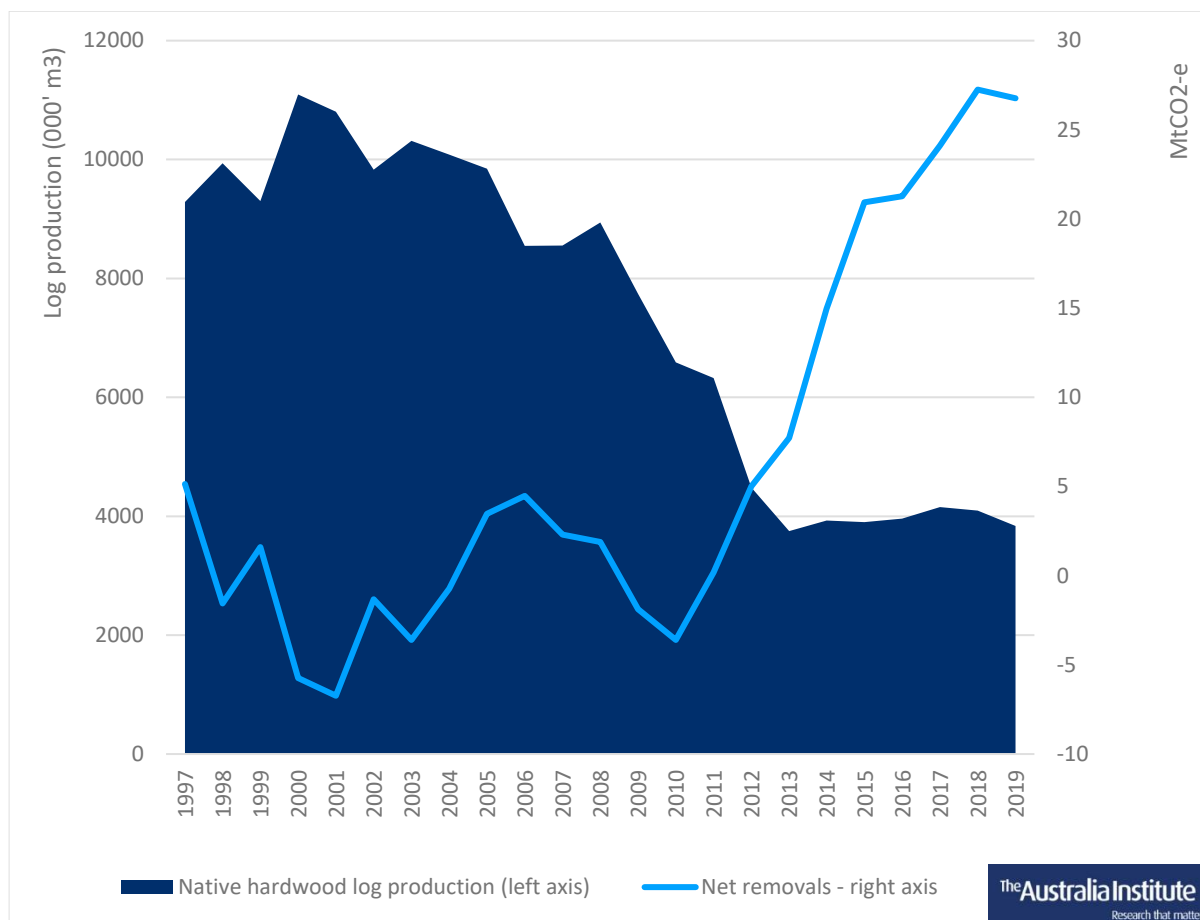
decline of the native forest industry.¹⁷ The increase in hardwood plantations was driven primarily by government policy, most noticeably the generous tax subsidies provided through Managed Investment Schemes (MIS), pooled investment in common projects. The decline in native forestry is largely a product of structural economic issues, including the substitution of softwoods for hardwoods in house construction and increasing competition domestically and internationally in paper markets from plantations.

The decline of the native forestry industry started in the early to mid-2000s. However, it was greatly accelerated by the global financial crisis in 2008. Over the period 2011–2019, log production from public state forests and private native forests has been roughly half of what it was in the 2000s (Figure 10). As Figure 10 shows, the decline in native forest harvesting has resulted in net removals from public and private native forests increasing from 3 MtCO₂-e in 2005 to around 27 MtCO₂-e in recent years. The increase in removals from forest management has provided Australia with a substantial windfall, so much so that Australia will hit the cap on the use of forest management credits during the second commitment period of the Kyoto Protocol (117 MtCO₂-e over the commitment period 2013–2020).

The structural shift in the native forestry industry had occurred by 2015 when the Australian Government shifted to a 2005 baseline.

¹⁷ Until recently, the tax-induced increase in short-rotation hardwood plantations has been a significant source of removals; around 30 MtCO₂-e per year. However, the post-MIS rationalisation in the plantation sector has resulted in the removal of more than 100,000 hectares of plantations. Many of the plantations established in the 1990s and 2000s are also now reaching harvest age. The combination of increased harvesting and the conversion of some plantations back to crop and grazing land has seen removals fall sharply. In 2019, net removals from afforestation and reforestation were only 18 MtCO₂-e, almost the same as they were in 2005.

Figure 10. Log production (000' m³) and Co²removals (MtCO₂-e) from public and private native forests, 1997–2019



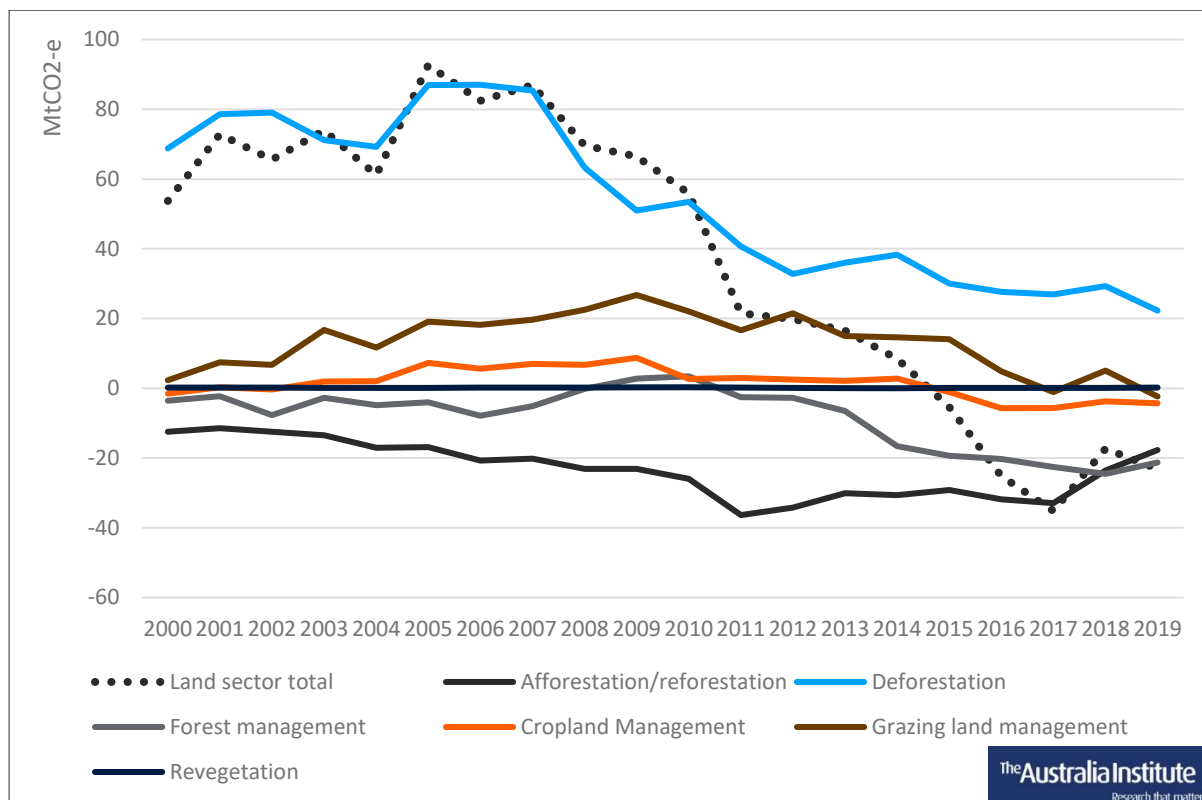
Source: Australian Government (2020) *Australian Greenhouse Emissions Information System: Activity Tables*, <https://ageis.climatechange.gov.au/>; Department of Industry, Science, Energy and Resources (2021) *National Inventory Report 2019: The Australian Government Submission to the United Nations Framework Convention on Climate Change*, Australian Government, Canberra; Gavran (2020) *Australian forest and wood products statistics datasets 2020*, ABARES technical report, Australian Government, Canberra.

Summary of decline in land sector emissions

The decline in Australia’s emissions since 2005 has been largely a product of a fall in net emissions from the land sector. Most of this decline is attributable to falls in net emissions from deforestation, grazing land management and forest management, as Figure 11 summarises.

The reductions in net emissions have largely been attributable to a combination of market and climate factors (with the possible exception of the decline in the rate of remnant woody vegetation clearing in Queensland), including but not limited to increased rainfall and a decline in native forest harvesting. Given this, there is little for the Australian Government to take credit for in relation to the reductions.

Figure 11. Land sector net emissions, by subsector, MtCO₂-e, 2000–2019



Source: Australian Government (2020) *Australian Greenhouse Emissions Information System: Activity Tables*, <https://ageis.climatechange.gov.au/>; Department of Industry, Science, Energy and Resources (2021) *National Inventory Report 2019: The Australian Government Submission to the United Nations Framework Convention on Climate Change*, Australian Government, Canberra.

THE IMPACT OF THE 2017-2019 DROUGHT ON AUSTRALIA’S EMISSIONS

The impacts of the drought have been mostly reflected in Australia’s agricultural emissions, particularly methane emissions associated with herd animals and nitrous oxide (N₂O) emissions from agricultural soils.

The 2017-2019 drought decimated livestock numbers, resulting in reduction in methane emissions (from enteric fermentation in herd animals such as sheep and cows). It also reduced crop production and, with it, fertiliser use. The combination of these two factors reduced emissions by more than 9 MtCO₂-e between 2017 and 2020, while agriculture emissions in total fell by 10.8 MtCO₂-e over the same period (Figure 12).

However, as drought conditions have eased and herd numbers and crop production subsequently increase, any reduction in these emissions is likely to revert to previous levels.

The 2020 September Quarterly update noted that agriculture emissions were already up 8.3 per cent on the previous quarter.¹⁸

The drought-related reductions come on the back of further reductions in agriculture emissions since 2005 that are attributable to the decline in the national sheep flock. In 1990, Australia's sheep flock was almost 174 million. By 2005, it had fallen to 101 million. After reaching an historic low in 2020 the national flock is projected to reach 67.3 million head by June 30, 2021¹⁹. While this decline in sheep numbers has been partly offset by an increase in the beef cattle herd (which has increased by 3-4 million since 1990s) the net effect on greenhouse gas emissions has been positive for the climate. These changes are unrelated to policy. As the most recent National Inventory Report states:

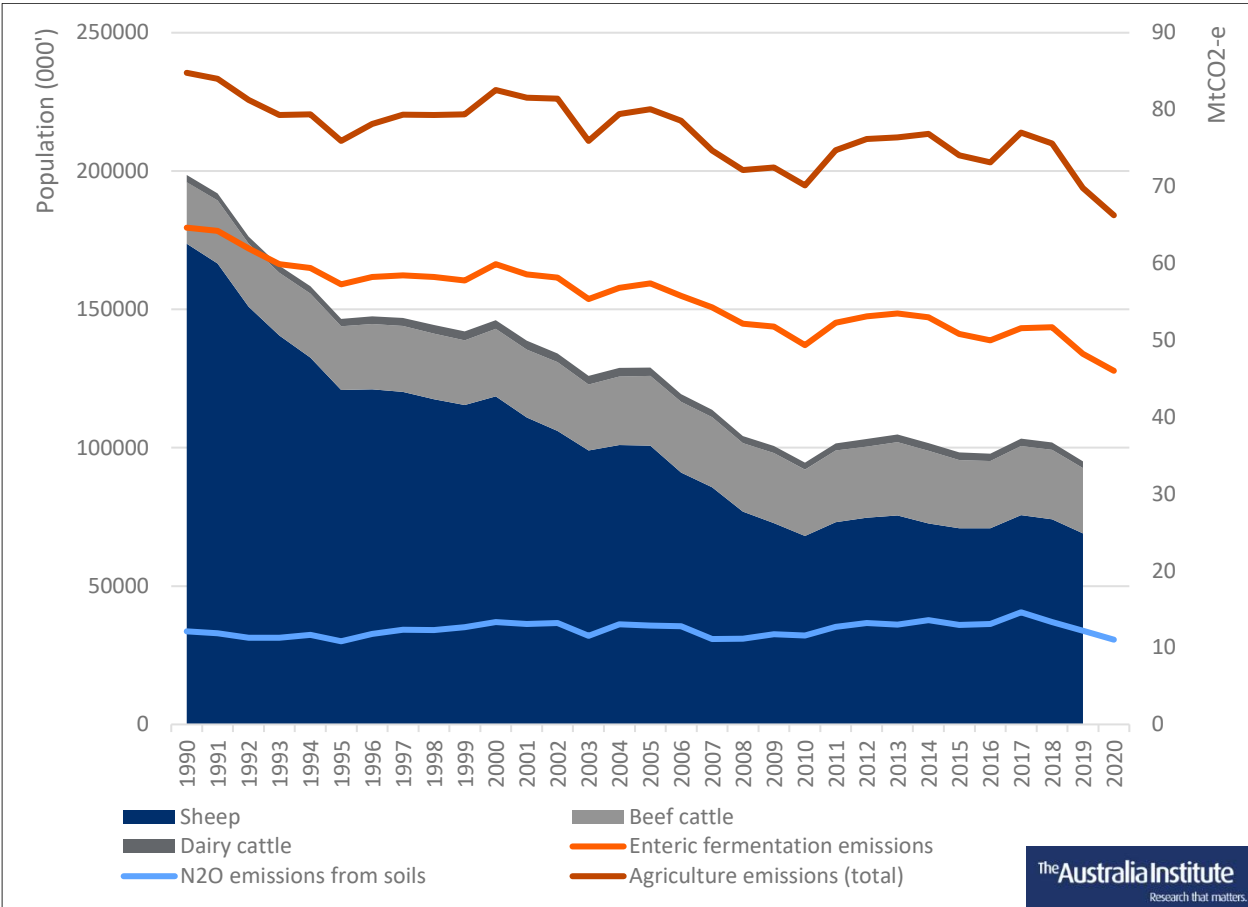
Enteric fermentation emissions are driven by livestock population numbers, in particular, pasture-raised beef cattle. Between 1990 and 2019 enteric fermentation emissions declined by 25.4 per cent (16.4 Mt CO₂-e). The decline in emissions in the early 1990s was principally driven by a steep fall in sheep numbers due, in large part, to the collapse of the wool reserve price scheme. The changes in flock and herd numbers reflect changing relative returns to the beef and sheep meat/wool industry and climatic conditions such as drought.²⁰

¹⁸ Department of Industry, Science, Energy and Resources (2021) *National Greenhouse Gas Inventory Quarterly Update: September 2020*. Australian Government. Available at: <https://www.industry.gov.au/data-and-publications/national-greenhouse-gas-inventory-quarterly-update-september-2020>

¹⁹ Meat and Livestock Australia (2021) *Sheep Projections*, <https://www.mla.com.au/sheepprojections>

²⁰ Department of Industry, Science, Energy and Resources (2021) *National Inventory Report 2019: The Australian Government Submission to the United Nations Framework Convention on Climate Change, Volume 1*. Australian Government, Canberra, p. 301.

Figure 12. Trends in Australia’s sheep and cattle population (000’ animals), 1990–2019, and enteric fermentation emissions, N₂O emissions from agricultural soils and total agricultural emissions (MtCO₂-e), 1990–2020



Source: Australian Government (2020) Australian Greenhouse Emissions Information System: Activity Tables, <https://ageis.climatechange.gov.au/>; Department of Industry, Science, Energy and Resources (2021) National Inventory Report 2019: The Australian Government Submission to the United Nations Framework Convention on Climate Change, Australian Government, Canberra.

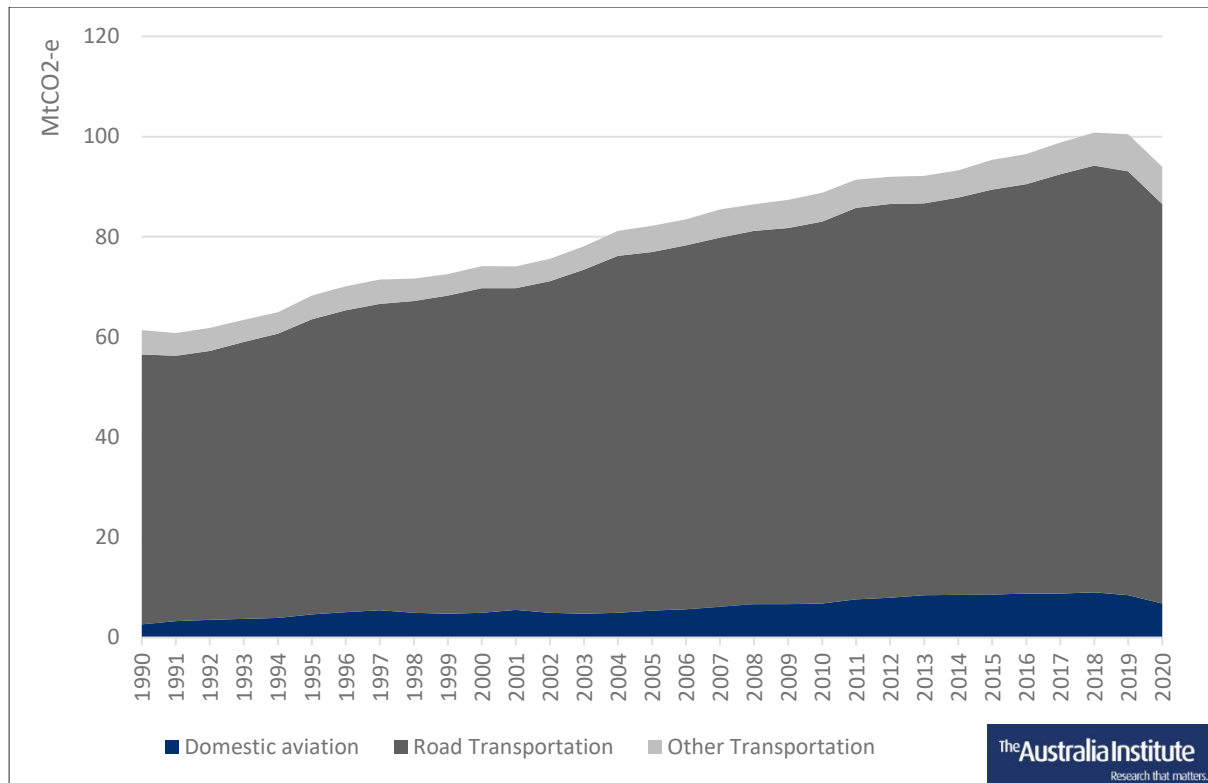
THE IMPACT OF COVID ON AUSTRALIA’S EMISSIONS

The COVID-19 pandemic had a significant impact on Australia’s emissions. Transport emissions were acutely affected as people stopped travelling by road and by air. Until the pandemic took hold, Australia’s transport emissions from road transport – particularly heavy trucks, buses and light commercial vehicles – had been steadily increasing year-on-year, largely unaffected by previous economic downturns. This trend can be seen in Figure 13, which shows transport emissions by subsector between 1990 and 2020. The pandemic and the associated shutdowns are the only thing that has caused a significant drop in Australia’s transport emissions in 30 years.

As life largely returns to ‘normal’ and travel restrictions are lifted, already Australia’s emissions are showing signs of returning to higher levels. This is reflected in the 2020 September

Quarterly Update ²¹ where transport emissions increased 11.7 per cent in the third quarter of 2020 on the previous quarter.

Figure 13. Transport emissions in Australia, by subsector, MtCO₂-e, 1990–2020



Source: Department of Industry, Science, Energy and Resources (2021) *National Greenhouse Gas Inventory Quarterly Update: September 2020*, <https://www.industry.gov.au/data-and-publications/national-greenhouse-gas-inventory-quarterly-update-september-2020>

²¹ Department of Industry, Science, Energy and Resources (2021) *National Greenhouse Gas Inventory Quarterly Update: September 2020*. Australian Government. Available at: <https://www.industry.gov.au/data-and-publications/national-greenhouse-gas-inventory-quarterly-update-september-2020>

Conclusion

In the lead up to COP26 in November this year, the domestic and international pressure on Australia to lift its climate ambition will intensify. Prime Minister Scott Morrison has been invited as a guest to attend the Group of Seven (G7) Summit in June 2021 — a forum of the world’s largest and ‘most advanced’ economies — where Australia will be the outlier among developed nations that have pledged higher emissions cuts than ours. Prior to COP26, Australia will attend the Pacific Island Forum Leaders Meeting, the Commonwealth Heads of Government Meeting and the Group of Twenty (G20) Summit where climate will be high on the agenda.

In the face of scrutiny and pressure, and in the absence of any real climate policy, the Australian Government will increasingly rely on statistics and accounting that demonstrate a solid performance on climate. This reliance on creative accounting is not new²² and until recently the Australian government spent years insisting its overachievement credits in the Kyoto Protocol could be carried over to reduce (if not completely extinguish) its target under the Paris Agreement. Like the criticism received over the creative carryover accounting²³, Australia is setting itself up for another rebuke.

While there have been historic drops in emissions in Australia, these have little to do with government policy in general and nothing to do with implementation of climate policy. Australia experienced multiple congruent declines in land sector emissions during the early to mid-2000s, including decreased deforestation, regrowth from increased rainfall and changes to forest management.

Similarly, in more recent years, the effects of drought and the pandemic have caused a drop in Australia’s emissions for which the Prime Minister is also taking credit. Again, these have nothing to do with government policy.

When these factors are removed it is clear that Australia is not on the pathway to net zero and is, in fact, doing far less than similar economies.

Be it in Australia, or overseas, it is unacceptable to claim credit where no credit is due. If the Australian Government is to be taken seriously, then it should commit to halving its emissions by 2030²⁴ and locking in net zero by no later than 2050, preferably much, much earlier.

²² Merzian (2019) *Taking way too much credit*, <https://australiainstitute.org.au/post/taking-way-too-much-credit/>

²³ Dennis (2020) *Until recently, pressure on Australia to drop carryover credits had little impact. But times change*, <https://www.theguardian.com/commentisfree/2020/dec/09/until-recently-pressure-on-australia-to-drop-carryover-credits-had-little-impact-but-times-change>

²⁴ Melville-Rea and Armistead (2021) *Short term ambition: 2030 targets for the US and Australia*, <https://australiainstitute.org.au/report/short-term-ambition-2030-targets-for-the-us-and-australia/>