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Government not on track for net zero by 2050

Briefing Note
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Despite a potential net zero by 2050 target announcement in coming weeks, it is increasingly clear that the Australian Government is not on track to meet such a target. Government policy shows no intention to reduce emissions, with fossil fuel project approvals even working to increase emissions.

This briefing note outlines Government policies that are incongruent with and work directly against a net zero by 2050 target. This highlights the lack of intention and political will to support its achievement.

OIL DEPENDENCY

Australia remains extremely reliant on foreign oil imports, with the transport sector the main consumer of this liquid fuel.

The majority of Australia's transport fleet are internal combustion vehicles (ICE), with its electric vehicle (EVs) uptake seriously lagging the rest of the world. Of all light vehicles sold in 2020, only 0.78% of these were electric, compared to 74.8% in Norway, and 10.7% in the UK.[1]

The absence of a national plan and supporting policies to incentivize EVs is the reason for a lack of uptake. Financial incentives are widely recommended to encourage uptake, existing policies such as the EV tax in Victoria directly oppose such recommendations and are detrimental to a broader goal to decarbonize the transport sector in order to reduce national emissions.

[1] Electric Vehicle Council (2021) State of Electric Vehicles August 2021, https://electricvehiclecouncil.com.au/wp-content/uploads/2021/08/EVC-State-of-EVs-2021.pdf

Additionally, Australia has no targets or regulations to guide the transition to lower-emissions transport sector. Unlike majority of other comparable nations (including US, UK, Japan), Australia has no target date to phase out ICE vehicles, and no mandatory standards for CO2 emissions from vehicles. As a result, the Australian vehicle fleet has one of the highest average emissions intensities of OECD countries – the average emissions intensity for passenger cars in Australia (149.5 g/km) was 23% higher than for Europe in 2020.[2]

The transport sector is one of the fastest growing sources of emissions in Australia, accounting for 17.6% of Australia's GHG emissions.[3] The lack of policy to address these increasing emissions presents a major obstacle to achieving a net zero by 2050 target.

In addition, it perpetuates the problem of fuel insecurity, with 90% of our liquid fuel consumption coming from imports.[4] Lowering demand for oil through the electrification of transport would be beneficial both for Australia's fuel security and lowering emissions.

Current policy is perpetuating the role of liquid fuel and subsequent emissions in our economy. For policy to be congruent with a net zero 2050 target, we would need to see a national EV plan that includes:

- A target date to phase out ICE vehicles by at least 2035.
- Mandatory CO2 emissions standards, recommended at 105g/km by 2025.
- Replacement of EV taxes with financial incentives to incentivize consumer uptake of low-emissions vehicles.

GAS AND COAL EXPANSION

The Australian Government has no plan to phase out fossil fuels, instead continuing to approve new coal and gas projects and providing millions in subsidies to these industries.

[2]National Transport Commission (2021) Carbon Dioxide Emissions Intensity for New Australian Light Vehicles 2020 https://www.ntc.gov.au/transport-reform/light-vehicle-emissions

[3] Department of Industry, Science, Energy and Resource (2021) Quarterly Update of Australia's National Greenhouse Gas Inventory: December 2020, https://www.industry.gov.au/data-and-publications/national-greenhouse-gas-inventory-quarterly-update-december-2020

[4] ABC (2021) https://www.abc.net.au/news/2021-02-11/australia-loses-another-oil-refinery-risking-fuel-supply/13139648

The Government has approved three new coal projects in just the last month,[5] with 20 new coal mines currently proposed for development in NSW alone.[6] If any doubt remained as to the Government's intentions, Resources Minister Keith Pitt squashed it with his recent endorsement of coal's role in Australia's economy for at least the next decade.[7]

Under the "gas-fired recovery", the Government also intends to unlock new gas basins. The first of these is the Beetaloo Basin in the Northern Territory, which has already been allocated up to $226 million in subsidies.[8] This project could result in an additional 100 Mt of GHG emissions (made up of 40 Mt of emissions within Australia, equivalent to 7.3% of total annual emissions, and a further 60 Mt of Scope 3 emissions).[9]

In WA, the approval of Woodside's Scarborough Gas Field would result in an additional 1.6 billion tonnes of emissions over its lifetime (including Scope 3), the equivalent of building 15 new coal power stations.[10]

The total emissions profile of proposed gas resources in Australia is projected at 329 million tonnes of CO2 annually, totaling two thirds of Australia's current annual emissions. This equates to the emissions of 46 coal powered stations.[11]

Coal and gas project approvals continue in Australia despite the IEA calling for no new fossil fuel projects in order to achieve net zero by 2050.[12] New research also specifies that globally, for a one in two chance of meeting the 1.5C warming limit, 90% of global coal reserves (95% in Australia) must remain in the ground.[13]

[5] Cox (2021) https://www.theguardian.com/australia-news/2021/oct/05/new-coalmine-mangoola-nsw-muswellbrook-approved-australia-environment-minister-sussan-ley

[6] Oquist (2021) https://www.canberratimes.com.au/story/7453116/expect-these-tricks-and-rorts-in-the-govts-plans-for-net-zero-by-2050/

[7] Department of Industry (2021) Coal to continue help powering Australian economy https://www.minister.industry.gov.au/ministers/pitt/media-releases/coal-continue-help-powering-australian-economy

[8] Verschuer, Ogge and Campbell (2021) Subsidising fracking in the Beetaloo Basin, https://australiainstitute.org.au/report/subsidising-fracking-in-the-beetaloo-basin/

[9] Ogge (2021) Wrong Way Go Back https://australiainstitute.org.au/report/wrong-way-go-back/

[10] Australia Institute (2021) Media Release https://australiainstitute.org.au/post/woodsides-scarborough-gas-field-equivalent-to-15-new-coal-power-plants-risks-murujuga-rock-art/

[11] Calculated using CER emissions data and https://australiainstitute.org.au/report/weapons-of-gas-destruction/

[12] International Energy Agency (2021) *Net Zero by 2050: A roadmap for the global energy sector,* https://www.iea.org/reports/net-zero-by-2050

[13] Smith (2021) Most fossil fuels 'must stay unburned' for one-in-two chance of meeting 1.5C warming limit, https://www.abc.net.au/news/science/2021-09-09/climate-change-global-warming-coal-gas-oil-extraction-emissions/100438206

The Government's continued expansion of coal and gas blatantly ignores all warnings in regards to short-term action required to achieve net zero by 2050.

DIRTY ELECTRICITY GENERATION

Any potential emissions reductions achieved through recent rapid growth of wind and solar generation in Australia has been cancelled out by the Government's commissioning of seven new LNG plants. These projects are estimated to have increased Australia's annual emissions by up to about 15 Mt CO2-e.[14]

Despite facing opposition from industry and state governments, the Federal Government is pushing ahead with a plan that would pay coal and gas-fired plants continue operating long after they are no longer profitable.[15] This plan will further undermine progress in renewable alternatives.

As a result, Australia is trailing the world when it comes to decarbonization of the economy. When our emissions reductions and energy transition performance is compared to other OECD economies and Russia, we are one of the worst across board. Australia's economy ranks as the most emissions intensive apart from Poland.[16]

FUNDING FOR FOSSIL FUEL TECHNOLOGIES

Instead of funding climate policies that would deliver genuine emissions reductions, the Australian Government funds expensive "low-emissions" technologies such as "clean hydrogen" and carbon capture and storage (CCS). These masquerade as climate policy while in fact extending the life of fossil fuels and locking in fossil fuel infrastructure for decades to come.

The Australian Government has spent $4 billion in recent decades on CCS with almost nothing to show for this enormous amount of money. There is only one commercially operational CCS project in Australia, Chevron's Gorgon, which has failed enormously to meet any of its sequestration targets. It has sequestered only 1.7% of emissions over

[14] Saddler (2021) National Energy Emissions Audit Report, https://australiainstitute.org.au/wp-content/uploads/2021/09/NEEA-Report-September-2021-WEB.pdf

[15] Clarke (2021) https://www.abc.net.au/news/2021-08-26/states-push-back-angus-taylor-subsidies-coal-gas-power-plants/100410770

[16] Saddler (2021) Back of the Pack: an assessment of Australia's energy transition https://australiainstitute.org.au/report/back-of-the-pack/

the past 5 years, despite being approved on the condition of its emissions sequestration.[17]

Despite the fact that the Government itself acknowledged they don't expect any emissions reductions from CCS until 2040,[18] they recently approved a method that would allow fossil fuel companies to receive carbon credits for using CCS.[19] This is a blatant use of taxpayer money to facilitate fossil fuel expansion.

Another priority technology promoted by the government is "clean hydrogen". The Government's definition of "clean" includes blue hydrogen, or hydrogen from gas, with CCS. However, blue hydrogen is not clean, and has in fact been shown to be more emissions intensive than just burning the fossil fuels directly in the first place.[20] By promoting blue hydrogen as a low-emissions technology, this justifies the opening of new gas basins under their "gas-fired recovery".

Both clean hydrogen and CCS are receiving substantial funding through the Technology Investment Roadmap,[21] the only climate policy that Australia is bringing to COP26. Additionally, recent changes to the Australian Renewable Energy Agency (ARENA), allow it to fund CCS projects, with intentions to do the same with the Clean Energy Finance Corporation.

By promoting these technologies as climate solutions, they are misleading the public while funnelling increasingly large amounts of climate funding into the fossil fuel industry. This delay in the retirement of fossil fuels from the Australian economy is in clear opposition to a net zero by 2050 goal.

[17] Ogge (2021) Submission on the proposed methodology determination for Carbon Capture and Storage https://consult.industry.gov.au/carbon-capture-and-storage-method/submissions/view/sbm1a9d21665300f0afa8e9d

[18] Commonwealth of Australia (2020) Official Committee Hansard: Senate Environment and Communications Legislation Committee Estimates, Tuesday, 20 October 2020, https://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/f5a251e5-48d3-4283-b5a2-530558521771/toc_pdf/Environment%20and%20Communications%20Legislation%20Committee_2020_10_20_8212_Official.pdf;fileType=application%2Fpdf, p. 66.

[19] Department of Industry, Science Energy and Resources (2021) New ERF method and 2022 priorities announced., https://www.minister.industry.gov.au/ministers/taylor/media-releases/new-erf-method-and-2022-priorities-announced

[20] Howarth and Jacobson (2021) How green is blue hydrogen? https://onlinelibrary.wiley.com/doi/abs/10.1002/ese3.956

[21] Department of Industry, Science Energy and Resources (2021) Technology Investment Roadmap https://www.industry.gov.au/data-and-publications/technology-investment-roadmap-first-low-emissions-technology-statement-2020

CONCLUSION

While a net zero by 2050 announcement from the Government may be coming, all signs show that the Government has no plan or intention to achieve this target. Key policies are completely incongruent with such a target, working to increase rather than decrease emissions.