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22 June 2023

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
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Re: Senate inquiry into greenwashing

The Australia Institute welcomes the opportunity to make a submission to the Senate's inquiry into greenwashing.

The Australia Institute has carried out a significant amount of work relating to the proliferation and impact of greenwashing in Australia, with particular regard to climate claims.

Australians are increasingly being subjected to an array of ever-growing, ill-defined terms and concepts by corporations attempting to differentiate their brand and market their climate credentials to climate-conscious consumers.

The Chair of the Australian Competition and Consumer Commission (ACCC), Gina Cass-Gottlieb, reported to The House of Representatives Standing Committee on Economics in October last year that greenwashing and false claims of carbon neutrality are of increasing concern to Australian regulators. This is because of the potential risks to consumers but also because of the unfair competitive advantage greenwashing gives businesses. An internet sweep by the ACCC has revealed that over 50 per cent of environmental claims across the energy, vehicle, household product and appliance, food and drink packaging, cosmetic, clothing and footwear sectors are misleading.

The science relating to climate change is unambiguous. To prevent the most catastrophic impacts of global warming absolute cuts to greenhouse gas emissions must be made rapidly and deeply. Yet it appears very few companies promoting their climate achievements can demonstrate that this is what they are doing. An absence of regulation means that it is legal for a business to say it is reducing emissions while increasing emissions.

The overwhelming majority of organisations in Australia appear to be relying on the ambiguity afforded by claims of ‘net zero’ emissions or ‘carbon neutrality’, which often conceal the fact that no emissions reductions are happening at all. Or worse, that their emissions are increasing.

Polling by the Australia Institute shows that while most Australians have heard the terms ‘net zero’ and ‘carbon neutrality’ very few say they know what it means. This suggests that when companies like Telstra, promote even more elaborate and abstract climate achievements such as the ‘enablement of emissions avoidance’, the likelihood of customers and consumers understanding would be even lower.

In Australia there is no overarching government framework that requires businesses to disclose their greenhouse gas emissions comprehensively and transparently. This means that it is largely up to individual organisations to decide what they want to report in corporate sustainability publications—and many do not report at all, while others report only selectively.

This ambiguity and confusion about environmental claims clearly serves the interests of those companies with no genuine plans to reduce emissions while harming the interests of those firms who have managed to reduce their emissions or who genuinely plan to do so. Further, at present, the onus is on civil society to trawl through corporate sustainability reports and decipher the numbers themselves and the meaning behind terms like ‘emissions intensity’ or ‘equity share of emissions’. In the current context, consumers and investors are better served by assuming that all environmental and climate claims are greenwash unless there is clear evidence demonstrating otherwise.

As the Australia Institute has pointed out in its research, the situation we find ourselves in now — scrambling to retrospectively police the abundance of misleading claims by the private sector — has come about because of an absence of adequate regulation by successive Australian governments.

But more than that, it has come about because successive Australian governments have been greenwashing their own climate achievements for decades and have created an entire policy framework that allows and rewards greenwashing by the private sector.

The Australian Government’s carbon neutral certification scheme, Climate Active, certifies Australian businesses who have offset some of their emissions including fossil fuel retailers AGL, Energy Australia, Origin Energy, Ampol and Telstra. Climate Active has certified some of Australia’s biggest polluters and promotes them as “progressive climate leaders”.

This policy context can be explained by the fact that Australian governments have allowed the fossil fuel industry and major emitters to set the country's agenda on climate. Industry has been central in designing the rules that govern them and fossil fuel representatives remain in influential positions within Australia's climate policy bodies.

If the Australian Government's flagship emissions policy the Safeguard Mechanism was assessed against best-practice standards for assessing the credibility of net zero commitments developed by the United Nations, and the International Standards Organisation (ISO) it would fail on all counts. The Safeguard Mechanism is not aligned with science, it allows unlimited use of carbon offsets, fails to account for all emissions and allows increased fossil fuel production. If the government itself is not implementing best practice net zero or science-based policy, it is unclear where the appetitive to hold the private sector to account lies.

Policies that entrench fossil fuels in the Australian economy make it almost impossible for the rest of the private sector to decarbonise. As we have seen, this in turn compels businesses to set targets or make claims that look adequate at face value, but that do not actually achieve anything. The end result is a 'race to the bottom' by business.

A critical key step towards regulatory frameworks that protect consumers, shareholders and fair competition from misleading claims is reducing the influence of industry on Australia's policies – regardless of whether it is climate policy, waste, deforestation, biodiversity or other areas that are resulting in greenwash by the private sector.

Our submission consists of this letter and four reports:

- *State-sponsored Greenwash*
  A report assessing the credibility of net zero claims of several major Australian businesses. The report demonstrates that the credibility of climate claims made by the private is inextricably linked to the rigour and credibility of government policy. This dynamic must be acknowledged and addressed to understand where net zero pledges and carbon neutral claims in Australia are currently failing and why.

- *Complaint to the ACCC - Climate Active trademarks- carbon neutral claims*
  The Australia Institute filed a complaint with the ACCC on the basis that the Australian Government's 'carbon neutral' certification scheme, Climate Active, may be misleading and deceptive under consumer law. Climate Active promotes its trade mark as a way to "stand out from competitors "and make it

easier to “identify and choose brands that are making a real difference” while not appearing to verify whether these brands are indeed “making a real difference”.

- *The Grueen Transfer: Australian Association of National Advertisers: Environmental Claims Code Review*
  A submission made to the Australian Association of National Advertisers that suggests that the advertising industry bears some responsibility for the sustainability claims made by industry. An inquiry into greenwashing is well-placed to assess the role of the communications sector and whether it faces adequate regulatory accountability.

- *Polling – Carbon neutrality, net zero and carbon offsets*
  The Australia Institute surveyed a nationally representative sample of 1,012 Australians in January 2023, about their attitudes about carbon neutrality, net zero and carbon offsets.

These reports reiterate and expand on the concerns we have raised here in more detail. Collectively, they aim to illustrate that greenwashing is a symptom of a number of complex policy and regulatory failures in Australia.

The Australia Institute welcomes the current inquiry and recommends that the committee clarify the relative roles and responsibilities of governments and individuals when it comes to addressing the significant market failure associated with the imperfect, and at times clearly misleading, information currently being provided to customers and investors.

The Australia Institute would be happy to make representatives available to further consult on this important matter.

Yours sincerely,

Polly Hemming
Climate and Energy Director
The Australia Institute

Dr. Richard Denniss
Executive Director
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The Australia Institute
Research that matters.

State-sponsored Greenwash

It is no accident that there are no credible policies or regulatory measures to address rising emissions by industry in Australia. Nor is it an accident that there are no robust mechanisms to address misleading climate claims.

The fossil fuel industry and major emitters have set Australia's policy agenda on climate. The result is a comprehensive policy framework where misleading climate claims by industry are not only accepted, they are actively sponsored by Federal Government.

Polly Hemming
Rod Campbell
Sumithri Venketasubramanian

October 2022

ABOUT THE AUSTRALIA INSTITUTE

The Australia Institute is an independent public policy think tank based in Canberra. It is funded by donations from philanthropic trusts and individuals and commissioned research. We barrack for ideas, not political parties or candidates. Since its launch in 1994, the Institute has carried out highly influential research on a broad range of economic, social and environmental issues.

OUR PHILOSOPHY

As we begin the 21st century, new dilemmas confront our society and our planet. Unprecedented levels of consumption co-exist with extreme poverty. Through new technology we are more connected than we have ever been, yet civic engagement is declining. Environmental neglect continues despite heightened ecological awareness. A better balance is urgently needed.

The Australia Institute's directors, staff and supporters represent a broad range of views and priorities. What unites us is a belief that through a combination of research and creativity we can promote new solutions and ways of thinking.

OUR PURPOSE – 'RESEARCH THAT MATTERS'

The Institute publishes research that contributes to a more just, sustainable and peaceful society. Our goal is to gather, interpret and communicate evidence in order to both diagnose the problems we face and propose new solutions to tackle them.

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Summary

All of Australia's states and territories have made commitments to reach net zero emissions by 2050 or sooner. Three quarters of Australia's organisations have done the same, covering a significant portion of Australia's emissions.

Despite this apparent increase in climate ambition, greenhouse gas emissions in Australia are rising across most sectors of the Australian economy.

Globally observed problems relating to net zero targets by the private sector, including definitions, timelines, credibility and transparency, are evident in Australia.

While scientists have been clear that emissions have to be reduced in an absolute sense, many corporations in Australia have abandoned this idea, relying instead on creative accounting and promises of future removals by unproven technology to justify ongoing emissions. It seems that in the private sector everyone assumes they can be the 'net', but no one is prepared to be the 'zero'.

In recognition of rising emissions amid a proliferation of climate claims, civil society is increasingly calling out greenwashing by industry. Australian regulators have also committed to addressing misleading climate claims, and other efforts to address greenwashing—including legal action by NGOs—are also being made.

The Australian Competition and Consumer Commission has announced that it will focus on greenwashing in its 2022-23 enforcement and compliance policy update, defining greenwashing as "falsely promoting environmental or green credentials to capitalise on these consumer preferences", including misleading claims about carbon neutrality.

However, what may be less well-understood is that legal action by NGOs and efforts by regulators to crack down on dubious net zero targets are being undermined by the Australian Government, and that the Australian Government has played a significant role in creating this situation in the first place.

The Australian Government doesn't just turn a blind eye to dubious net zero commitments by corporations, it also actively endorses them through its policies and programs. We refer to this practice as 'state-sponsored greenwash'.

The reasons for Australia's state-sponsored greenwash are not complicated. The system as it is functioning serves the interests of both the private sector and governments at state and federal levels. Big emitters make net zero pledges to protect their social licence to operate and to prolong the viability of their existing business models. This suits Australian governments, which are keen to delay the political pain and economic shifts that will be

inevitable with genuine decarbonisation. When impossible claims are made by Australia's carbon intensive industries, such as being a 'net zero' gas company or selling 'carbon neutral' petrol, both detailed in this report, the federal government sees an opportunity to delay the difficulties of phasing out internal combustion engines or fossil fuel exports.

Australia's state-sponsored greenwash needs to be understood in the context of Australia's long history of inaction on climate change. At best, Australia has been a climate laggard, and at worst, it has been an aggressive blocker of international climate action. While the Australian public supports strong climate action, the country has made minimal progress in reducing emissions and its trends are among the worst in the developed world.

This mismatch between public opinion and policy is largely due to the influence of powerful corporate interests from the energy and resources sectors on Australian policymaking. The Australian Government's historical and current use of greenwashing strategies in its own policies has simultaneously made it easier for corporations and industries in Australia to do the same in regard to their net zero claims.

Australia has no overarching government framework that requires non-state actors to disclose their greenhouse gas emissions comprehensively and transparently. Similarly, Australia currently has no regulation that requires emissions to be managed or reduced across the economy. The highest polluting facilities are theoretically subject to a 'Safeguard Mechanism' that requires them to keep emissions below a baseline level or purchase carbon credits to compensate. However, such purchases are rare, and Australia's industrial emissions have increased significantly since the creation of the Mechanism in 2016.

The newly-elected Australian Government plans reforms that will place emissions reductions requirements on industry. However, these reforms will place less stringent reduction requirements on emissions-intensive, trade-exposed industries such as gas and coal. It will also allow all entities to offset their emissions as an alternative to reducing them.

It is generally accepted that the practice of offsetting emissions should be a last resort, used only in hard-to-abate sectors. However, the Australian Government has actively promoted offsetting, rather than mandating real emissions reductions, and continues to do so. Australia has an entire federal policy framework and fund dedicated to the generation of carbon offsets that can be purchased by the private sector to meet compliance requirements under the Safeguard Mechanism or to meet voluntary climate targets.

The Australian Government also administers a carbon neutral ecolabel scheme, Climate Active, where corporations—including some of Australia's biggest fossil fuel emitters—are 'certified' carbon neutral for offsetting some of their emissions and subsequently promoted by the Government as "progressive climate leaders".

It is unclear how government regulators and activists looking to address greenwashing will successfully prosecute their cases against industry when industry has been allowed to work with government to set the standards under which they are able to greenwash.

Measures to tackle the credibility and efficacy of net zero commitments by the private sector can only be effective if they are accompanied by an acknowledgement of the interaction between industry and government. This requires confronting situations where the private sector has been allowed to influence climate policy, where governments are enabling or complicit in greenwash by the private sector, and through installing regulatory frameworks that actually reduce emissions.

Better regulation can be driven by facilitating the involvement of researchers, worker groups, affected communities and wider civil society. Generally, Australia has done the opposite, with attacks on the tax status of environmental NGOs, defunding of climate research, restrictions on government-funded researchers' ability to speak publicly, and attacks on trade unions, including those that represent fossil fuel industry workers.

In summary, both the integrity of climate policy broadly and the successful regulation of net zero commitments more narrowly are a function of how well other aspects of public and private sector governance are working. It is no coincidence that Australia's recent national election saw the election of many independent candidates who were committed explicitly to both integrity measures and climate policy.

In discussing the Australian context, this paper suggests how the domestic landscape may be representative of state-sponsored greenwash in other countries. It also suggests that the credibility of net zero claims made by non-state actors is inextricably linked to the state. This dynamic must be acknowledged and addressed—directly or indirectly—to understand where net zero pledges in Australia are currently failing and why.

Introduction

In Australia, all major sub-national governments (states and territories) have made net zero commitments, as have an increasing number of local governments, universities, and NGOs. Many corporations have made similar commitments including the companies responsible for a large amount of Australia's emissions. Despite these pledges, greenhouse gas emissions are rising across most sectors of the Australian economy.

Criticism of the ways in which the concept of net zero has been co-opted and undermined is significant and well-documented: an "alarming lack of credibility pervades the entire [global] landscape" and the Australian landscape appears to be no exception.[1] [2] Australia's carbon offset system, which underpins most net zero claims by the private sector, has been beset by scandal and claims of low integrity for some time.

In recognition of this, civil society is increasingly calling out greenwashing by industry. Australian regulators have also committed to addressing misleading climate claims.

However, efforts to address greenwashing—including legal action by NGOs and efforts by regulators to crack down on dubious net zero targets—are being undermined by the Australian Government. In addition, the Australian Government has played a significant role in creating this situation in the first place.

It is no accident that there are no credible policies or regulatory measures to address emissions from non-state actors in Australia. Nor is it an accident that there are no transparent reporting requirements or credible measures to address misleading climate claims. Successive Australian Federal Governments have routinely allowed the fossil fuel industry and major emitters to both set the country's agenda on climate and play a major role in creating the rules for generating offsets. The Australian state doesn't just turn a blind eye to dubious net zero commitments by non-state actors—it actively endorses such 'commitments' through its policies and programs.

The reasons for Australia's state-sponsored greenwash are not complicated. The system serves the interests of both industry and government. When big emitters make net zero pledges for the distant future (often while planning to increase their emissions), they do so to protect and prolong their social licence to operate. In doing so, they also protect the

[1] NewClimate Institute (2022) *Net Zero Stocktake 2022*, https://newclimate.org/resources/publications/net-zero-stocktake-2022

[2] Australasian Centre for Corporate Responsibility (2022) *Climate Action 100 benchmark: too much carrot, not enough stick for the biggest polluters*, https://www.accr.org.au/news/climate-action-100-benchmark-too-much-carrot-not-enough-stick-for-the-biggest-polluters/

reputations of governments that do not just approve, but often also subsidise, those same emission expansion plans.[3]

The political power of the fossil fuel industry in Australia means that scaling down and phasing out fossil fuel production and consumption will not be politically easy for Australian governments. So, when impossible claims are made, such as being a net zero gas company or selling or carbon neutral liquified natural gas and petrol, both detailed in this report, Australian governments see an opportunity to delay or avoid the political difficulties that real decarbonisation would bring. Further, governments are able to make their own domestic and international climate pledges less concrete or ambitious by pointing to the nominal net zero ambition of the industries they oversee.

This paper begins with a discussion of how the concept of net zero has been interpreted by carbon intensive industries in Australia, followed by an explanation of the ways in which the Australian Government has endorsed industry's claims.

We then illustrate how the standard of climate ambition and subsequent 'achievement' by the private sector has been set by the Australian Government, including background on the ways Australian Governments have tried to greenwash the country's poor climate performance. We also examine how an entire policy framework has been established in Australia under which potentially misleading net zero claims are not only made possible; they are underwritten by the Australian Government.

Finally, we argue that a key step towards establishing regulatory frameworks that actually reduce emissions will be reducing the influence of industry on the processes that shape these frameworks. Similarly, the efforts to address the credibility and efficacy of net zero commitments by industry will be ineffective unless they are accompanied by acknowledging and addressing the interaction between states and the private sector.

Doing this does not only mean calling for greater ambition by states and governments. It also requires honestly acknowledging and addressing where the private sector has been allowed to influence climate policy, and where governments are enabling or complicit in greenwash by the private sector.

[3] Verschuer, Ogge & Campbell (2021) *Subsidising fracking in the Beetaloo Basin: Submission to Senate Environment and Communications References Committee*, https://australiainstitute.org.au/report/subsidising-fracking-in-the-beetaloo-basin/

Net zero in Australia

'Net zero' is now the norm for major Australian companies, with 70 per cent of the ASX200's collective market capitalisation having announced net zero targets as of 31 March 2022.[4] This figure represents 95 of Australia's largest companies, twice as many as only a year before. Every one of Australia's state and territory governments has also committed to net zero emissions by 2050.[5]

However, Australian industrial, energy and fugitive emissions continue to rise. This demonstrates a clear disconnect between the all-time high number of net zero commitments and meaningful climate action.[6]

The Australian context appears to be indicative of the global net zero landscape. Over a fifth of the world's 2,000 largest companies have made net zero commitments, which are a relatively recent phenomenon—the rush of theoretical climate ambition from the private sector has occurred mostly over the last several years.[7] It appears that the corporate world is at least paying lip service to the fact that the world is experiencing, and will continue to experience, the catastrophic effects of global warming due to greenhouse gas emissions from human activity without some action.[8]

However, corporate sustainability reporting has been a feature of business operations since the late 1990s, with climate reporting and emissions reductions targets increasing from 2015 onwards.[9] [10] Over this time global emissions have continued to rise, hitting their all-time highest in 2021, despite the science unambiguously stating that, to curb the worst of

[4] Australian Council of Superannuation Investors (2022) *Promises, pathways & performance – climate change disclosure in the ASX200*, https://acsi.org.au/research-reports/promises-pathways-performance-climate-change-disclosure-in-the-asx200-2/

[5] Climateworks Centre (2021) *State and territory climate action: Leading policies and programs in Australia*, https://www.climateworkscentre.org/resource/state-and-territory-climate-action-leading-policies-and-programs-in-australia/

[6] Department of Industry, Science, Energy and Resources (2022) *National Greenhouse Gas Inventory Quarterly Update: December 2021*, https://www.dcceew.gov.au/climate-change/publications/national-greenhouse-gas-inventory-quarterly-update-december-2021

[7] Energy & Climate Intelligence Unit (2021) *Taking stock: A global assessment of net zero targets*, https://eciu.net/analysis/reports/2021/taking-stock-assessment-net-zero-targets

[8] Intergovernmental Panel on Climate Change (2021) *Climate Change 2021: The Physical Science Basis*, https://www.ipcc.ch/report/ar6/wg1/

[9] Gagné, Berthelot (2021) The evolution of corporate reporting on GHG emissions: A Canadian portrait, *Corporate Governance and Sustainability Review*, https://www.researchgate.net/publication/351405717_The_evolution_of_corporate_reporting_on_GHG_emissions_A_Canadian_portrait

[10] Faria (2016) *The evolution of corporate climate* targets, https://www.wemeanbusinesscoalition.org/blog/the-evolution-of-corporate-climate-targets/

human-induced climate change, the world must stop putting more greenhouse gases into the atmosphere.[11] Put simply, the rapid rise in net zero commitments has not driven a rapid reduction in emissions from the world's major polluters.

THE AMBIGUITY OF NET ZERO

The concept 'net zero' is technically just an accounting calculation: emissions 'out', compensated for by emissions 'in'. Any absolute emissions produced theoretically need to be balanced by an equivalent reduction in absolute emissions elsewhere to achieve net zero.

Net zero emerged as a scientific concept in the early 2000s, in the context of attempts to understand what it would take to halt the greenhouse gas-driven increase in global average surface temperature.[12] In order to meet the 1.5°C global warming target in the Paris Agreement, global carbon emissions should reach net zero around mid-century. One candid researcher developing models for how this could happen notes:

> Basically, what happened is the Paris Agreement was signed, but then nobody actually knew what it meant... And then the IPCC [tasked the scientific community] to actually figure out what 1.5°C meant in two ways—what's the difference between climate impacts with 1.5°C versus 2°C of warming? And the other question is what needs to be done and/or what can we still emit to stay within 1.5°C? [13]

It was ultimately found that it was simply not possible to keep warming below 1.5˚C, without removing emissions "by some artificial means".[14] Climate modellers began to develop scenarios in which it was still theoretically possible to achieve emission reductions consistent with 1.5°C or 2˚C of warming by incorporating the potential emission reductions that might flow from as yet non-existent technologies that might be developed in time to achieve large amount of carbon abatement.[15] As one candid scientist working on these models noted:

[11] Intergovernmental Panel on Climate Change (2022) *Climate Change 2022: Mitigation of Climate Change*, https://www.ipcc.ch/report/sixth-assessment-report-working-group-3/

[12] Fankhauser, Smith, Allen, Axelsson, Hale, Hepburn, Kendall, Khosla, Lezaun, Mitchell-Larson, Obersteiner, Rajamani, Rickaby, Seddon, Wetzer (2022) The meaning of net zero and how to get it right, *Nature*, https://www.nature.com/articles/s41558-021-01245-w

[13] Thorbecke (2021) *Why some experts say corporate 'net-zero' emissions pledges could have net-zero impact on climate crisis*, https://abcnews.go.com/US/experts-corporate-net-emissions-pledges-net-impact-climate/story?id=80798850

[14] Ibid

[15] Dyke, Watson, Knorr (2021) *Climate scientists: concept of net zero is a dangerous trap*, https://theconversation.com/climate-scientists-concept-of-net-zero-is-a-dangerous-trap-157368

> Originally, when I was working on this topic 10 years ago, or more, we were thinking about, "OK… maybe a few percent of [the CO_2] we emit will have to be offset" because, for example, cement production is very difficult without producing CO_2, or certain forms of agriculture might be still be emitting greenhouse gases.
>
> But we were not thinking of entire sectors carrying on—like the fossil fuel sectors, for example.[16]

In Australia "by some artificial means" has been interpreted in a myriad of different ways across the private sector and by governments. The dissonance between the all-time high number of net zero commitments and rising emissions indicates that 'net zero' is not working for the climate, although it does appear to be working for those committing to it.

A number of criticisms have been directed at the loopholes the concept of net zero affords entities. These loopholes include a lack of transparency, inconsistent accounting and a reliance on future removal technology to justify increases in real-time emissions. These loopholes demonstrate just how far the definition of net zero has strayed from what the modelling by researchers was originally intended to do. [17] The concepts of miracle technologies and "artificial means" have now been seized upon by a wide range of industries that are reluctant to make rapid changes to their business models, and which thus lean heavily on these ideas to avoid pressure to actually reduce emissions. [18]

Net Zero Stocktake 2022, a global stocktake of net zero pledges by the Net Zero Tracker Initiative, has revealed that it is the biggest emitting companies that are most likely to have net zero targets.[19] Climate ambition by the companies responsible for a majority of global emissions may have once been a cause for optimism, but the study also found that the transparency and integrity of these pledges was lacking. Ultimately, net zero ambition is not synonymous with a 1.5˚C limit to global warming.

[16] Thorbecke (2021) *Why some experts say corporate 'net-zero' emissions pledges could have net-zero impact on climate crisis*, https://abcnews.go.com/US/experts-corporate-net-emissions-pledges-net-impact-climate/story?id=80798850

[17] Knorr (2022) *Wolfgang Knoff – Let us move on from 'net zero'*, https://braveneweurope.com/wolfgang-knorr-let-us-move-on-from-net-zero

[18] Global Witness (2022) *"Nature-based solutions": using digital methods to investigate corporate greenwashing*, https://www.globalwitness.org/en/campaigns/greenwashing/using-digital-methods-to-investigate-corporate-greenwashing/

[19] NewClimate Institute (2022) *Net Zero Stocktake 2022*, https://newclimate.org/resources/publications/net-zero-stocktake-2022

Similarly, analysis by the New Climate Institute and Carbon Market Watch of the climate strategies of 25 major global companies found that their headline pledges are vague, lack urgency in terms of short-term targets, and rely greatly on offsets to achieve net zero. [20]

The interpretation of 'net zero' also varies greatly between entities and across sectors. This has created a confusing landscape of climate claims where it is virtually impossible to distinguish who is actually acting in good faith on climate and who is not. Net zero by a given year does not give an indication of the trajectory it takes to get to that point, and a net zero commitment says nothing about the emissions reduction activities needed to achieve it.[21]

The accounting approaches used to disclose and account for emissions are similarly inconsistent. By varying their accounting approach, entities can choose for themselves which emissions they will take responsibility for and which they will attribute to somebody else. This is made possible by several factors.

The categorisation and disclosure of emissions according to 'scopes'

Under the Greenhouse Gas Protocol Corporate Standard,[22] an organisation's emissions are separated into three categories, known as 'scopes'. These are:

- Scope 1: direct emissions;
- Scope 2: indirect upstream emissions; and
- Scope 3: indirect downstream emissions (such as finished products).

Companies are required only to disclose scope 1 and 2 emissions; the reporting of scope 3 emissions is largely voluntary. This means that a company can, for example, disclose only some (or none) of the emissions that result from their finished products. The exclusion of scope 3 emissions from reporting does not capture the full extent of the emissions for which an entity is responsible. For example, oil and gas companies Woodside and Ampol, discussed later in this report, do not account for the vast majority of emissions in their climate targets. Ampol's net zero target accounts for scope 1 and 2 emissions only – approximately 2 per cent of their total emissions.

[20] NewClimate Institute, Carbon Market Watch (2022) *Corporate Climate Responsibility Monitor 2022,* https://newclimate.org/resources/publications/corporate-climate-responsibility-monitor-2022

[21] Ogge (2021) *Regulatory carbon capture*, https://australiainstitute.org.au/report/regulatory-carbon-capture/

[22] World Business Council for Sustainable Development and World Resources Institute, RI and WRSCD (2004) *The Greenhouse Gas Protocol (Revised)*, https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf

Origin Energy—a major Australian oil and gas company—has also taken a creative approach to its climate target. Origin recently announced a net zero target across all scopes by 2050 but has decided to exclude projected emissions from its planned developments in the Beetaloo, Canning and Cooper-Eromanga gas basins. [23]

Emissions intensity

Despite the need to reduce emissions in absolute terms, reporting on emissions intensity is also a common and controversial feature of net zero accounting. Emissions intensity metrics allow overall production and absolute emissions to increase as long as the carbon intensity of each unit of production is lower. The Australian Government's Safeguard Mechanism places pollution limits based on emissions intensity rather absolute emissions. [24] Emissions of companies under the Safeguard Mechanism have grown by 7 per cent since the scheme began, despite a majority of these entities having net zero targets (this is further discussed later in this submission).[25]

Carbon credits and offsetting emissions

An overwhelming feature of net zero plans by the private sector and subnational governments is the concept of 'balancing' emissions accounts through 'offsetting' emissions or promised future carbon removal to compensate for emissions being released now. This includes purchasing carbon credits to offset emissions or factoring in future removals from unproven carbon capture and storage (CCS) or direct air capture. For fossil fuel companies, like Santos and Woodside, two of Australia's biggest emitters, this approach relieves them of the need to find real reductions. [26] Santos, for example, has stated that its goal is to become a "a net-zero emissions energy and fuels business by 2040". The means to achieve this rely predominantly on CCS, carbon offsets and direct air capture[27]—all technologies with a long history of promising large amounts of low-cost abatement 'soon', but have yet

[23] Australasian Centre for Corporate Responsibility (2022) *Origin's climate cognitive dissonance: failure to factor in emissions from much hyped new gas basins*, https://www.accr.org.au/news/origin%E2%80%99s-climate-cognitive-dissonance-failure-to-factor-in-emissions-from-much-hyped-new-gas-basins/

[24] Department of Industry, Science, Energy and Resources (2021) *Safeguard Mechanism: Prescribed production variables and default emissions intensity values*, https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document

[25] RepuTex (2021) *The Economic Impact of the ALP's Powering Australia Plan*, https://www.reputex.com/research-insights/report-the-economic-impact-of-the-alps-powering-australia-plan/

[26] Kurmelovs (2021) *Santos sued for 'clean fuel' claims and net zero by 2040 target despite plans for fossil fuel expansion*, https://www.theguardian.com/australia-news/2021/aug/26/santos-sued-for-clean-fuel-claims-and-net-zero-by-2040-target-despite-plans-for-fossil-fuel-expansion

[27] Santos (2022) *2022 Climate Change Report*, https://www.santos.com/news/release-of-2022-climate-change-report/

to deliver on those promises.[28]Such an approach to net zero commitments does not account for the risk of failure of offsets or CCS to permanently store greenhouse gases and the possibility that emissions may actually increase as a whole.

The flexibility afforded by the net zero approach was intended to support necessary sectors of the economy where absolute emissions are hard to abate, such as agriculture. However, the net zero approach is now overwhelmingly used and abused by high-emitting corporates to avoid any significant change their business model. The scientific consensus—which is that emissions have to be reduced in an absolute sense—has been largely abandoned by a range of state and non-state actors in favour of creative accounting and promises of future removals by unproven technology to justify ongoing production.

INTERPRETATIONS OF NET ZERO BY AUSTRALIAN CORPORATES

The irony of the net zero approach is that it is being used to achieve the very opposite of what it was intended to achieve. It is no coincidence that the 'net' in 'net zero' invites creative accounting and overblown claims of climate action, especially from firms that are committed to increasing absolute emissions.[29]

Below we provide several examples of the varied and complex approach to net zero by several big-emitting corporate actors in Australia.

Finding accurate and consistent data to assess the net zero claims of these companies was largely dependent on an organisation's willingness to provide it—in other words, it was difficult. The difficulty we experienced appears to be representative of the experience of others around the world trying to evaluate net zero targets. The authors of a recent international report investigating the credibility of corporate climate claims wrote of being "quite astonished at how much time it took to understand the integrity of [companies'] claims". [30]

Further analysis of the companies discussed below can be found in Appendix 1.

[28] Browne (2018) *Sunk costs: Carbon capture and storage will miss every target set for it*, https://australiainstitute.org.au/report/sunk-costs-carbon-capture-and-storage-will-miss-every-target-set-for-it/

[29] Merzian, Hemming (2021) *Banking on Australia's Emissions*, https://australiainstitute.org.au/report/banking-on-australias-emissions/

[30] NewClimate Institute (2022) *Net Zero Stocktake 2022*, https://newclimate.org/resources/publications/net-zero-stocktake-2022

Woodside

Oil and gas company Woodside Energy has a net zero "strategy" under which emissions reduction targets are set only on "net equity scope 1 and 2" emissions, relative to a complicated baseline (which "may be adjusted"). The company's plans do not involve changing its business model and reducing production of fossil fuel. Instead, they rely on undefined "lower-emission technologies" and offsets—while significantly increasing gas production.

Telstra

Telstra is a major telecommunications company whose net zero plans and emissions reporting are relatively transparent. However, the plans rely mainly on offsets, and will likely become even more reliant on this method due to the company's move into electricity and gas retailing. It is difficult to see how a company that is "passionate about tackling climate change now and in the future" will credibly achieve net zero while expanding into fossil gas sales.

Ampol

Ampol is an Australian petroleum company that refines and distributes fuels and also operates a network of service stations. The company's net zero target covers just two per cent of its emissions; despite the vast majority of its emissions coming from the combustion of its fossil fuel products, Ampol has no climate target for these scope 3 emissions. The company plans to transition to a lower emissions "Future Energy" provider but provides scant detail on how this will be achieved and also claims that customer demand for transport fuels will remain robust until at least 2030.

All these companies' climate targets share common features (to varying degrees): a lack of transparency, a lack of short-term targets, selective accounting, inconsistent reporting

metrics, an overreliance on offsets and unclear absolute emissions reductions. Collectively these claims appear indicative of the net zero landscape in Australia. [31] [32] [33] [34] [35]

In all the examples it is unclear exactly *how* each entity plans to meet its targets. It is also unclear in some instances whether an entity even plans to reduce its emissions. This appears to be consistent with other assessments that estimate that a third of Australian firms will fail to achieve their targets due to "a lack of skills, underinvestment in technology, poor government policy, and poor leadership".[36]

ADDRESSING MISLEADING CLIMATE CLAIMS

The emissions reduction claims of non-state actors are coming under increasing scrutiny at domestic and international levels.

The United Nations Secretary-General has launched a High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities.[37] The Group is addressing standards, definitions, criteria, and processes to ensure and assess the integrity of net zero targets set by non-state actors, including the private sector. It will also focus on the "over-use of carbon offsets and unrealistic dependence on carbon removal technology" as part of efforts to combat greenwashing.[38]

[31] Australasian Centre for Corporate Responsibility (2022) *Australasian Centre for Corporate Responsibility expands landmark Federal Court case against Santos*, https://www.accr.org.au/news/australasian-centre-for-corporate-responsibility-expands-landmark-federal-court-case-against-santos/

[32] Australian Council of Superannuation Investors (2022) *Promises, pathways & performance – climate change disclosure in the ASX200*, https://acsi.org.au/research-reports/promises-pathways-performance-climate-change-disclosure-in-the-asx200-2/

[33] Fung, Soutar (2021) *Hero to zero: Uncovering the truth of corporate Australia's climate action claims*, https://www.greenpeace.org.au/news/australias-biggest-corporate-greenwashers-revealed-new-report/

[34] Koob (2022) *'We asked questions about it': Small companies warned by regulator of flimsy net-zero claims*, https://www.smh.com.au/business/banking-and-finance/we-asked-questions-about-it-small-companies-warned-by-regulator-of-flimsy-net-zero-claims-20220729-p5b5n7.html

[35] Korbel, Rice, Aird, Caldwell (2022) *Financial institutions a growing target amid global greenwashing crack down*, https://www.corrs.com.au/insights/financial-institutions-a-growing-target-amid-global-greenwashing-crack-down

[36] Thomson (2022) *Why a third of firms will miss their net zero targets*, https://www.afr.com/chanticleer/why-a-third-of-firms-will-miss-their-net-zero-targets-20220321-p5a6kv

[37] United Nations Secretary-General (2022) *Secretary-General Will Push Business, Investors, Cities to 'Walk the Talk' on Net-Zero Pledges, Launching Expert Group as Climate Crisis Worsens*, https://www.un.org/press/en/2020/sga2109.doc.htm

[38] Lo (2022) *Canadian ex-minister Catherine McKenna named to head UN greenwash watchdog*, https://www.climatechangenews.com/2022/03/31/canadian-ex-minister-catherine-mckenna-named-to-head-un-greenwash-watchdog/

Australian regulatory bodies have acknowledged the need to address the growing chasm between the stated ambition of non-state actors and their actual achievements in Australia, along with increasing reports of sham offsets and misleading ESG claims.

In March 2022, the Australian Competition and Consumer Commission (ACCC) announced a new focus on greenwashing in its 2022-23 enforcement and compliance policy update.[39] The announcement defined greenwashing as "falsely promoting environmental or green credentials to capitalise on these consumer preferences", including misleading claims made in the manufacturing and energy sectors about the carbon neutrality of production processes.

Overblown claims about net zero, carbon neutrality or carbon offsetting may face consequences under both competition and consumer law for creating "unfair advantages for untruthful companies and misled consumers".[40]

The ACCC is working closely with other regulators such as the Australian Securities and Investments Commission (ASIC) and the Clean Energy Regulator (CER).[41] ASIC is currently conducting a review into greenwashing of environmental, social and corporate governance (ESG) funds.[42]

However, as this paper aims to demonstrate, despite these announcements, it is unclear is how successful efforts by ASIC and the ACCC, along with others such as the Australian Securities Exchange (ASX) who have also committed to address greenwashing, will be given that it is the Australian Government itself rubber-stamping the greenwash.[43]

The net zero 'economy of appearances'

The concept of net zero serves large emitting industries by allowing them to continue with business as usual. However, it also benefits other private sector actors and individuals interacting with and profiting from these industries, such as financial intermediaries and actors in supply chains that need to meet their own climate targets. A net zero claim by an

[39] Australian Competition and Consumer Commission (2022) *ACCC's enforcement and compliance policy update 2022-23*, https://www.accc.gov.au/speech/acccs-enforcement-and-compliance-policy-update-2022-23

[40] Mason & Wootton (2022) *'Sham' carbon credits, banks in ACCC's sights*, https://www.afr.com/policy/energy-and-climate/sham-carbon-credits-banks-in-accc-s-sights-20220324-p5a7kp

[41] Smith, Richmond, Daveson, Back & Lawrence (2022) *Regulators join forces to fight greenwashing in 2022*, https://www.claytonutz.com/knowledge/2022/march/regulators-join-forces-to-fight-greenwashing-in-2022

[42] Armour (2021) *What is "greenwashing" and what are its potential threats?* https://asic.gov.au/about-asic/news-centre/articles/what-is-greenwashing-and-what-are-its-potential-threats/

[43] Collett (2022) *ASX cracks down on ethical fund 'greenwashing'*, https://www.smh.com.au/money/investing/asx-cracks-down-on-ethical-fund-greenwashing-20220520-p5an1j.html

entity allows these actors to also make the claim that they are taking action on climate while the business as usual endures. The reality is that at best, investors, financial institutions, and supply chain organisations are kept in the dark about the reality of emissions embedded in their investments or suppliers. At worst, they are willing participants in those emissions and the obfuscation thereof.

An effective way to describe this ecosystem is with the term 'net zero economy of appearances'. The economy of appearances—a concept originally devised by Tsing—refers to a situation where the ultimate reality is not important.[44] It is only necessary for the buyers and sellers of a fictitious commodity to agree that the virtual substance in question has some exchange value. In the context of net zero, each actor plays along with the promise of reducing emissions as it is in their business interests to do so.

The relationship between the Northern Territory (NT) and the gas industry is an example of such an arrangement. The Northern Territory is home to some of Australia's most vulnerable people and ecosystems to the effects of global heating and sea level rise.[45] In 2020, the Northern Territory government adopted an "objective" of net zero emissions by 2050 in order to "set expectations about future emissions constraints to help our industries and businesses plan and adapt."[46]

However, the Territory Government also promotes and subsidises "gas-led growth projects across the Territory"—including unconventional onshore projects and major offshore gas extraction. No constraints have been placed on the expansion of the NT's fossil fuel industry. The region is already home to two major LNG export facilities, but the NT Government's Gas Strategy promotes yet more "gas-led growth projects across the Territory."[47] These projects include large-scale onshore unconventional gas extraction in the Beetaloo Basin, some of the world's most controversial and emissions intensive offshore projects,[48] and emissions-intensive gas and minerals processing plants.

The NT Government is also a significant trader of gas on Australia's domestic market, selling almost $300 million worth of gas per year via its wholly owned Power and Water Corporation. This gas comes from the Blacktip offshore gas project, which was subsidized

[44] Tsing (2000) *Inside the Economy of Appearances*, https://www.researchgate.net/publication/230537760_Inside_the_Economy_of_Appearances

[45] Hayman (2019) *Will climate change be devastating for Kakadu National Park?*, https://www.abc.net.au/news/2019-04-02/kakadu-curious-darwin-saltwater-intrusion-climate-change/10957808

[46] NT Government (2020) *Northern Territory Climate Change Response: Towards 2050*, https://climatechange.nt.gov.au/nt-climate-change-response/northern-territory-climate-change-response-towards-2050

[47] NT Government (2022) *Our Territory Gas Strategy*, https://territorygas.nt.gov.au/home

[48] Milne (2020) *Santos' dirty big $2B Barossa bet*, https://www.boilingcold.com.au/santos-dirty-big-2b-barossa-bet/

into existence in 2009 by the NT Government committing to buy $4 billion worth of gas over 20 years—far more than the Territory needed.

The Northern Territory government recently entered a non-binding agreement with gas giant Inpex (which also has a net zero goal), jointly committing to a "net zero emissions future" to be achieved predominantly with carbon capture and storage. The Net Zero commitment was accompanied by a commitment to expand Inpex's liquefied natural gas (LNG) operations in the Territory.[49]

The official announcement by government stated that the agreement "captures our complementary transition targets and initiatives".

It is clear that the net zero claims of both Inpex and the NT Government have no credibility, and that neither has any intention of reducing emissions at all. The jarring contradiction between a stated goal of reducing emissions and a major expansion of the fossil gas industry is demonstrated by the fact that the NT Government is unable to publish reports on its projected emissions profile. The profile was initially due in mid-2021, but the accompanying "action item" is still only 50% complete in mid-2022.[50] Another unpublished, long-overdue report will attempt to explain how Beetaloo Basin emissions could be offset.[51]

Yet despite the clear impossibility of increasing emissions in order to reduce emissions, both Inpex and the NT Government have subscribed eagerly to the narrative that this is achievable. In turn, both can tell shareholders and the community that they are committed to climate action.

The net zero economy of appearances also encompasses the Federal Government as an active participant and beneficiary. When fossil fuel companies and other big emitters make net zero pledges underpinned by claims of carbon neutrality or emissions reductions far into the future (often while planning to increase emissions), they don't just protect and prolong their social licence. They also protect the governments endorsing or turning a blind eye to their activities.

As a result, national governments are subsequently able to make their own domestic and international climate pledges, while also justifying a lack of any meaningful emissions

[49] Hynes, Perera (2022) *Inpex commits to a net zero future in the Northern Territory, as it sets its eyes on expanding*, https://www.abc.net.au/news/2022-07-22/inpex-nt-government-sign-lng-emissions-reduction-agreement/101258150

[50] NT Government (2022) *Climate Change Response, action item 1.1.1*, https://climatechange.nt.gov.au/nt-climate-change-response/action-items/1.1.1

[51] GISERA (2022) *Offsets for life cycle greenhouse gas emissions of onshore gas in the NT*, https://gisera.csiro.au/research/greenhouse-gas-and-air-quality/offsets-for-life-cycle-greenhouse-gas-emissions-of-onshore-gas-in-the-northern-territory/

reduction achievements or policies, by pointing to the nominal net zero ambition of the industries they are beholden to.

Still using the example of the Northern Territory, Australia's Federal Government announced recently that Inpex had been given permission to assess the suitability of an area off the northwestern coast of the NT for geological carbon storage. The current Australian Resources Minister, Madeline King, said that the release of the offshore acreage was "providing Australian industry with new opportunities for carbon capture and storage and helping Australia to achieve its target to lower emissions by 43 per cent by 2030" and also that "carbon capture and storage has a vital role to play to help Australia meet its net zero targets."[52]

Carbon capture and storage has proven around the world to be an abject failure in storing CO_2 permanently. Nor is it designed to capture the entirely of emissions from gas production. However, for a government ideologically and materially underwriting the gas industry, the pretence by all parties that emissions will be reduced is critical to maintaining the net zero fantasy.

As King's statement suggests, the new Labor Government has "welcomed" the Northern Territory's gas expansion plans, with the suggestion that "the resources industries are part of the solution" in meeting the net zero "challenge".[53] [54] [55] [56] The new Government also endorses the Northern Territory's proposed use of offsets and carbon capture and storage by industry to meet its net zero commitment, despite the NT having no plan for reducing its emissions. [57] [58] Publicly, the current Australian Government continues to "welcome" the

[52] King (2022) *New offshore greenhouse gas storage acreage to help lower emissions*, https://www.minister.industry.gov.au/ministers/king/media-releases/new-offshore-greenhouse-gas-storage-acreage-help-lower-emissions

[53] Davidson (2019) *Labor's support for 'carbon disaster' in Beetaloo basin condemned*, https://www.theguardian.com/australia-news/2019/apr/26/labors-support-for-carbon-disaster-in-betaloo-basin-condemned

[54] Bowen (2021) *Climate of the Nation 2021 launch speech*, https://australiainstitute.org.au/event/climate-of-the-nation-2021-with-chris-bowen/

[55] King (2022) *Speech to NT Resources Week conference*, https://www.minister.industry.gov.au/ministers/king/speeches/speech-nt-resources-week-conference

[56] Breen (2022) *Fracking watchdog says NT still lacking federal government commitment on Beetaloo Basin emissions promise*, https://www.abc.net.au/news/2022-07-21/beetaloo-basin-nt-fracking-government-emissions-offset-in-doubt/101247338

[57] NT Department of the Chief Minister and Cabinet (2022) *Global collaboration to accelerate a thriving net-zero emissions future*, https://cmc.nt.gov.au/news/2022/global-collaboration-to-accelerate-a-thriving-net-zero-emissions-future

[58] Inpex (2022) *INPEX-led Bonaparte CCS Assessment Joint Venture awarded acreage offshore Northern Territory in Australia*, https://www.inpex.com.au/news-and-updates/media-centre/media-releases/inpex-led-bonaparte-ccs-assessment-joint-venture-awarded-acreage-offshore-northern-territory-in-australia/

Northern Territory Government's commitment to offsetting the emissions from the Beetaloo gas development.[59]

[59] Breen (2022) *Fracking watchdog says NT still lacking federal government commitment on Beetaloo Basin emissions promise*, https://www.abc.net.au/news/2022-07-21/beetaloo-basin-nt-fracking-government-emissions-offset-in-doubt/101247338

State-sponsored greenwash

Each of the Australian examples presented above has, in one way or another, been sanctioned by the Australian Government, which has either met them with silence or endorsed them actively. Telstra, for example, is a government-certified carbon neutral organisation and is promoted by the government as a Climate Leader.[60] Ampol's petrol and diesel is also certified as a carbon neutral product by the Australian Government.[61]

Former Prime Minister Scott Morrison said he "could not be more thrilled" with Woodside's final investment decision on its Scarborough Gas development in 2021. Prior to winning the 2022 election, current Prime Minister Anthony Albanese visited another Woodside project and commended its "commitment" to net zero:

> Every state and territory is with them. So are Australian businesses, big and small, and [net zero] is a target that Labor will set for the country—because we want to create jobs, lower power prices and reduce emissions. [62]

In June 2022, the new Minister for Resources, Madeline King, confirmed the Australian Government's support for Woodside's Scarborough project—along with the development of another significant gas project, the Browse gas field.[63]

As this paper aims to demonstrate, this government support is not restricted to isolated incidents. Rather it is the result of a comprehensive policy framework under which potentially misleading net zero claims are facilitated; they are also underwritten by the Australian Government.

Given its own approach to 'meeting' its climate targets, it is unsurprising that Australia's Federal Government accepts the manner in which big-emitting non-state actors in Australia are claiming to meet their targets in similarly opaque ways, including relying heavily on carbon capture and storage or carbon offsets.

[60] Climate Active (n.d.) *Be Climate Active*, https://www.climateactive.org.au/be-climate-active

[61] Climate Active (2021) *Public Disclosure Statement: Ampol Limited – Product Certification CY2021 (Projected)*, https://www.climateactive.org.au/buy-climate-active/certified-members/ampol-limited

[62] Tilly (2021) *Albo pays a visit to North West Shelf*, https://www.energynewsbulletin.net/policy/news/1408158/albo-pays-visit-to-north-west-shelf

[63] Law (2022) *Scarborough gas project: Albanese Government gives support to $16.5 billion WA project*, https://thewest.com.au/business/energy/scarborough-gas-project-albanese-government-gives-support-to-165-billion-wa-project-c-7016824

AUSTRALIA AND CLIMATE ACTION

While the Australian people overwhelmingly support strong, effective action on climate change,[64] Australian governments have a long history of avoiding meaningful domestic climate policy and obstructing international climate negotiations. [65] [66] This is the result of a long and significant history of powerful corporate interests from the energy and resources sectors influencing Australian policymaking—a history that has delayed Australia's transition to renewable energy. [67]

As a result, Australia has made minimal progress in reducing emissions, and its emissions trends are among the worst in the developed world.[68] It generally lacks both comprehensive emissions reporting requirements, and regulations to compel non-state actors to take responsibility for their environmental impact.

Where regulation does exist, the consequences for breaching it are minimal.[69] Instead of channeling public money into research and development for hard-to-decarbonise sectors or renewable energy, billions of taxpayer dollars are spent every year on fossil fuel subsidies.[70]

While the 2022 Australian election—referred to as a 'greenslide' election[71]—appears to have marked a turning point for Australia's climate ambition, with an increased climate target and promising policies in relation to anti-corruption measures, electricity decarbonisation and industrial emissions, there are already signs that the fossil fuel industry will continue to control the agenda.

[64] Quicke (2021) *Climate of the Nation 2021*, https://australiainstitute.org.au/report/climate-of-the-nation-2021/

[65] McGregor (2013) *Australia makes a bad start at Warsaw climate change meeting*, https://theconversation.com/australia-makes-a-bad-start-at-warsaw-climate-change-meeting-20190

[66] Handley (2019) *Australia accused of putting coal before Pacific 'family' as region calls for climate change action*, https://www.abc.net.au/news/2019-08-16/australia-slammed-watering-down-action-climate-change-pacific/11420986

[67] Lucas (2021) Investigating networks of corporate influence on government decision-making: The case of Australia's climate change and energy policies, *Energy Research & Social Science*, https://www.sciencedirect.com/science/article/abs/pii/S2214629621003649

[68] Fernyhough (2021) *OECD says Australia is 2nd dirtiest economy per capita, tells it to clean up*, https://reneweconomy.com.au/oecd-says-australia-is-2nd-dirtiest-economy-per-capita-tells-it-to-clean-up/

[69] Climate Council (2022) *What is the Safeguard Mechanism?* https://www.climatecouncil.org.au/resources/what-is-the-safeguard-mechanism/

[70] Armistead, Campbell, Littleton, Parrott (2022) *Fossil fuel subsidies in Australia (2021-22)*, https://australiainstitute.org.au/report/fossil-fuel-subsidies-in-australia-2021-22/

[71] ABC News Daily (2022) *The election 'Greenslide'*, https://www.abc.net.au/radio/programs/abc-news-daily/the-election-greenslide/13896630

Like the Coalition it deposed, the newly elected Labor Government is a beneficiary of significant donations from the fossil fuel industry, and has already expressed support for gas and coal expansion on a number of occasions.[72]

The Labor Government's silence on whether it will continue the fossil fuel subsidies that cost Australians $11.6 billion in 2021-22 can be interpreted as implicit support for the industry. What is less ambiguous is that the government will continue to support new gas and coal production in Australia, citing the risks to the Australian economy if it did not continue to approve these projects.[73] [74] Just three months after winning the election, the Labor Government opened up nearly 47,000 km^2 of offshore acreage for oil and gas exploration.[75] The time from exploration to production of oil and gas projects is around 10 years, [76] meaning that the government clearly supports new fossil fuel projects commencing beyond 2030.

The Australian Government's support for ongoing fossil fuel production, despite nominally greater climate ambition, is relevant to the net zero ambition of non-state actors because it creates a very real risk that, rather than forcing industry to reduce emissions, the Government will simply continue to use various strategies to greenwash their poor performance.

GOVERNMENT GREENWASHING

The Australian Government itself adopts many of the tactics used by the private sector raised in the first section to 'game' the concept of net zero. These include selective accounting, relying heavily on land sector sinks to 'offset' industrial emissions, and crossing fingers on the prospect of future carbon removal technology.

[72] Moss (2022) *To walk the talk on climate, Labor must come clean about the future for coal and gas*, https://theconversation.com/to-walk-the-talk-on-climate-labor-must-come-clean-about-the-future-for-coal-and-gas-183641

[73] Remeikis (2022) *Labor to back new fossil fuel projects that 'stack up Economically and environmentally*, https://www.theguardian.com/environment/2022/aug/11/labor-to-back-new-fossil-fuel-projects-that-stack-up-economically-and-environmentally

[74] Murphy, Karp, Butler (2022) *Anthony Albanese rules out banning fossil fuel projects, citing risk to Australian economy*, https://www.theguardian.com/environment/2022/jul/26/anthony-albanese-rules-out-banning-fossil-fuel-projects-citing-risk-to-australian-economy

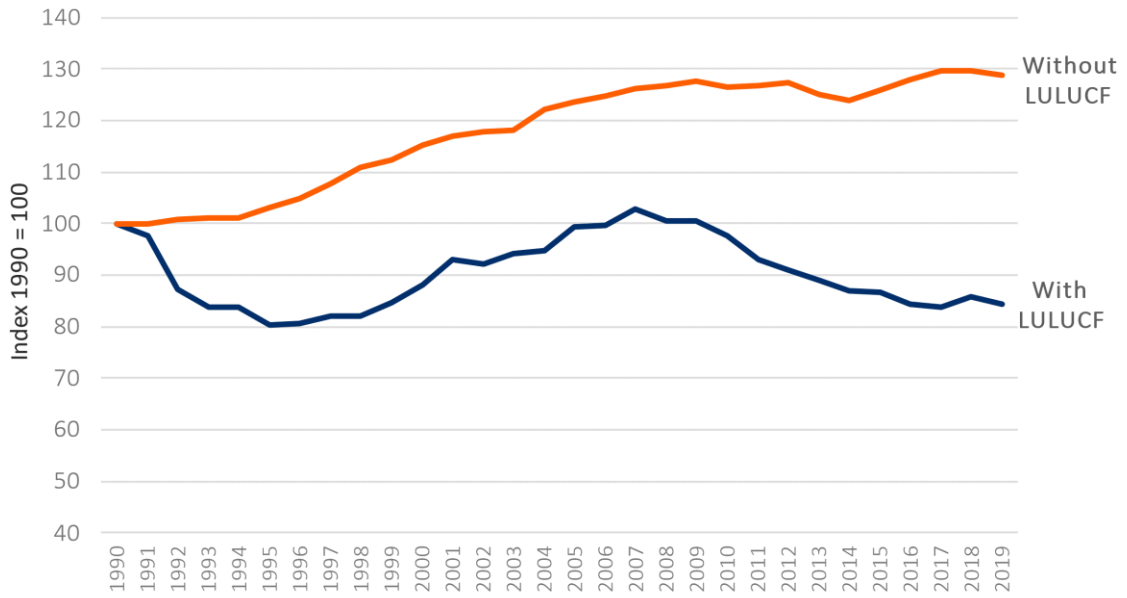
[75] Brann (2022) *Federal government opens 46,000 sq km for offshore oil and gas exploration*, https://www.abc.net.au/news/2022-08-24/offshore-oil-and-gas-exploration-ccs-backed-federal-government/101368006

[76] Canadian Audit & Accountability Foundation (n.d.) *Revenues from Phases of an Oil and Gas Project*, https://www.caaf-fcar.ca/en/oil-gas-revenues-concepts-and-context/the-life-cycle-of-oil-and-gas-projects/revenues-from-phases-of-an-oil-and-gas-project

Selective accounting

While technically within the rules of international climate accounting, Australia's emissions accounting methodology conceals a lack of real emissions reduction. As shown in Figure 1, the inclusion of land use, land use change and forestry (LULUCF) conceals a lack of emissions reduction in most Australian industries, particularly the fossil fuel production and combustion industries.

Figure 1. Australia's GHG emissions from 1990, with and without LULUCF



Source: Source: United Nations Framework Convention on Climate Change (2021) *GHG Profiles - Annex I*

It was Australia that negotiated the inclusion of the land sector in the emissions accounting framework during the Kyoto Protocol negotiations—and it is Australia that continues to benefit from this accounting technique under the Paris Agreement. When the land sector is included in climate reporting, natural carbon sinks can mask rising emissions in other areas of the economy. Given that Australian land sector emissions have declined to become a net carbon sink, largely thanks to drought and then prolonged rain, Australia is able to claim that the land sector 'balances' out industrial emissions in its official emissions accounts.[77] That such arguments conceal the lack of any significant trend away from fossil fuel use in Australia is evident in Figure 1.

The Australian Government continues to approve new coal and gas projects as part of its planned expansion of fossil fuels. The country is already the largest exporter of liquefied

[77] Merzian, Hemming (2021) *Banking on Australia's Emissions*, https://australiainstitute.org.au/report/banking-on-australias-emissions/

natural gas (LNG) in the world and vies with Indonesia to be the largest exporter of coal. To justify this continued expansion and provide it with social licence, the government often exaggerates the economic significance of the fossil fuel industry (which employs less than one per cent of Australian workers[78]), and has at various times gone to lengths to reframe oil and gas as part of the solution to lowering emissions, or as critical to the economy.[79] [80] At other times, it has attempted to minimise the impact of its gas and coal production by omitting emissions from gas and coal that is exported to, and burnt in, other countries—echoing the way in which industry often fails to acknowledge the climate impact of its end products. Again, this accounting approach is accepted under the rules of UNFCCC accounting, but it is morally questionable and potentially misleading.

Offsetting in favour of reductions

As explained above, when the land sector is included in climate reporting, natural carbon sinks can mask rising emissions in other areas of the economy. As Figure 1 shows, when the land sector is included in Australia's accounts, emissions appear to have decreased by 16 per cent since 1990. Without the land sector, it becomes clear that emissions have actually *increased* by 29 per cent since 1990 to 2019.

The preservation of the world's natural carbon sinks is an incredibly important exercise, bringing biodiversity and other benefits.[81] [82] However, there is also extensive literature

[78] Australian Bureau of Statistics (2022) *Labour Force, Australia, Detailed*, https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release

[79] Taylor (2019) *Australia's LNG boom is reducing our global carbon impact,* https://www.minister.industry.gov.au/ministers/taylor/opinion_piece/australias-lng-boom-reducing-our-global-carbon-impact

[80] Greber, van Leeuwen, Fowler (2022) *'No apologies': Bowen shrugs off G7 gas call*, https://www.afr.com/policy/energy-and-climate/no-apologies-bowen-shrugs-off-g7-gas-call-20220629-p5axrf

[81] Littleton, Dooley, Webb, Harper, Powell, Nicholls, Meinshausen, Lenton (2021) Dynamic modelling shows substantial contribution of ecosystem restoration to climate change mitigation, *Environmental Research Letters*, https://iopscience.iop.org/article/10.1088/1748-9326/ac3c6c/meta

[82] Katha, Dooley (2016) The risks of relying on tomorrow's 'negative emissions' to guide today's mitigation action, *Stockholm Environment Institute Working Paper*, https://www.jstor.org/stable/resrep02826

documenting the measurement uncertainties and significant risks of relying on natural ecosystems to store fossil carbon emissions.[83] [84] [85] [86] [87] [88]

Future technologies—carbon capture and storage

The idea of carbon capture and storage (CCS) is to capture CO_2—usually from an industrial source—and store it in underground geological reservoirs.[89] Australian governments have invested large amounts of public money into CCS projects and initiatives since the early 2000s: some $4 billion since 2003,[90] with the promise that it would reduce emissions from fossil fuels.[91] Initially, through the concept of 'clean coal', governments promised that CCS would enable coal-fired power generation to continue for decades despite the need to reduce emissions.[92]

Today, there is not a single coal fired power station in Australia operating with CCS.[93] Nevertheless, claims that CCS will play a significant role 'soon' in reducing emissions continue to be made by state and non-state actors alike. While the complete failure of CCS to materialise in the coal-fired electricity sector is rarely discussed by those who remain

[83] Dooley, Nicholls, Meinshausen (2022) Carbon removals from nature restoration are no substitute for steep emission reductions, *One Earth*, https://www.sciencedirect.com/science/article/pii/S2590332222003232

[84] State of NSW and Office of Environment and Heritage (2016) *Fire and Soils: A review of the potential impacts of different fire regimes on soil erosion and sedimentation, nutrient and carbon cycling, and water quantity and quality*, https://www.environment.nsw.gov.au/research-and-publications/publications-search/fire-and-soils

[85] Hannam (2021) *Fires ravaged not only plants and animals, but the soils beneath them*, https://www.smh.com.au/environment/conservation/fires-ravaged-not-only-plants-and-animals-but-the-soils-beneath-them-20210726-p58cxj.html

[86] Climate Analytics (2017) *The dangers of Blue Carbon offsets: from hot air to hot water?* https://climateanalytics.org/briefings/the-dangers-of-blue-carbon-offsets-from-hot-air-to-hot-water/

[87] Carton, Lund, Dooley (2021) *Undoing Equivalence: Rethinking Carbon Accounting for Just Carbon Removal*, https://www.frontiersin.org/articles/10.3389/fclim.2021.664130/full

[88] Client Earth (2022) *Expert report by Derik Broekhoff on CO2 compensation*, https://www.clientearth.org/latest/documents/expert-report-by-derik-broekhoff-senior-scientist-at-the-stockholm-environment-institute-on-co2-compensation/

[89] Geoscience Australia (n.d.) *What is CCS?* https://www.ga.gov.au/scientific-topics/energy/resources/carbon-capture-and-storage-ccs/what-is-ccs

[90] Morris (2021) As carbon capture, storage commitments near $4b, what are the options for heavy industry?, https://www.abc.net.au/news/2021-08-21/taxpayer-bill-for-carbon-capture-and-storage-hits-4-billion/100375854

[91] Morris (2021) *As carbon capture, storage commitments near $4b, what are the options for heavy industry?* https://www.abc.net.au/news/2021-08-21/taxpayer-bill-for-carbon-capture-and-storage-hits-4-billion/100375854

[92] Kelly (2021) *'Clean coal' is nothing but a marketing scam: Energy experts*, https://thenewdaily.com.au/news/2021/02/17/clean-coal-scam/

[93] Joshi (2021) *A new flagship coal plant failed spectacularly – but it won't be the last time*, https://reneweconomy.com.au/a-new-flagship-coal-plant-failed-spectacularly-but-it-wont-be-the-last-time/

optimistic about the technology, both the Australian Government and the fossil fuel industry now dedicate most of their attention and funding for CCS to its potential use in the oil and gas industry. Promises that CCS will reduce emissions from natural gas processing and from fossil fuel-based hydrogen production are becoming particularly prominent.[94] [95]

Continued support for CCS by the Australian Government diverts public funding away from technologies that could be reducing emissions and redirects that money to the fossil fuel industry. This funding, and the illusion that CCS can and will reduce emissions, also provides the fossil fuel industry with a social license to operate under the false pretence that its expansion is consistent with a safe climate. The science makes clear that continued fossil fuel production is incompatible with the emissions reductions necessary to prevent catastrophic climate change and subsequent impacts—both in Australia and globally.[96]

By focusing on the promise of CCS as an emissions reduction technology, governments and the fossil fuel industry have increasingly given social license to new and expanded fossil fuel operations. CCS has been reborn again after each failure with a new purpose. When CCS for clean coal failed, industry and government turned attention to the gas industry. New gas projects in Australia and around the world have been justified on the basis that CCS will reduce emissions from gas processing operations.[97] In addition to the general doubts around CCS's viability, this approach also discounts the additional scope 3 emissions produced by additional fossil fuel extraction, justifying them with CCS by sequestering a fraction of processing emissions.[98]

Failure of regulation

Emissions disclosure

To assess the credibility of a net zero target, along with the progress being made towards that target, it is critical to understand the accounting behind the claims being made. Many non-state actors fail to adequately disclose their emissions or demonstrate how they are making progress in reducing them.

[94] Global CCS Institute (2022) *Australian Government Announces CCS Funding in Federal Budget*, https://www.globalccsinstitute.com/news-media/latest-news/australian-government-announces-ccs-funding-in-federal-budget/

[95] Hepburn (2022) *The Australian Government Makes Love to the Fossil Fuel Industry, Screws Everyone Else*, https://www.gizmodo.com.au/2022/08/the-australian-government-makes-love-to-the-fossil-fuel-industry-screws-everyone-else/

[96] United Nations (2021) *Fossil fuel production 'dangerously out of sync' with climate change targets*, https://news.un.org/en/story/2021/10/1103472

[97] Global CCS Institute (n.d.) *CCS is a climate change technology*, https://www.globalccsinstitute.com/about/what-is-ccs/

[98] Ogge (2022) *Brown Coal, Greenwash*, https://australiainstitute.org.au/report/brown-coal-greenwash/

In Australia there is no overarching government framework that requires non-state actors to disclose their greenhouse gas emissions comprehensively and transparently. This means that it is largely up to individual organisations to decide what they want to report in corporate sustainability publications—and many do not report at all, while others report only selectively.

In 2007 the Australian Government introduced the National Greenhouse and Energy Reporting Scheme (NGERS), providing the first mandated national reporting guidelines for Australian companies on greenhouse gas emissions, and energy use and production of corporations. The scheme requires corporations that meet certain thresholds to disclose their emissions and energy use. Today, it covers about a third of Australia's scope 1 corporate emissions.[99]

However, the scheme was never intended to be a detailed climate disclosure tool and NGERS only provides a very high-level summary for each reporting entity—a sum total each for scope 1 emissions, scope 2 emissions and energy consumption. Because it is an energy reporting framework, NGERS does not require entities to report on scope 3 emissions despite the fact that these are often the source of the majority of a company's emissions. [100]

While the Australian Minister for Climate Change and Energy, Chris Bowen, has indicated that mandatory climate-related Financial Disclosures are forthcoming in Australia, the absence of emissions reporting and regulation requirements at a national level to date has created a situation where non-state actors are free to set climate targets with almost no need to actually verify them. The potential for misleading consumers and investors is obvious. Even where non-state actors have aligned themselves with voluntary frameworks such as the Science Based Targets initiative, it is difficult to assess whether their reporting against these is credible.[101]

Emissions regulation

Even where entities are required to report their emissions, there is currently no regulation in Australia that requires emissions to be managed or reduced across the economy, despite the clear, urgent need to make deep cuts to greenhouse gas emissions. The highest polluting facilities covered by NGERS are theoretically subject to a 'Safeguard Mechanism', whereby they are required to keep their emissions below certain levels (known as baselines) and to purchase carbon credits if they exceed these levels.[102] However, this is rarely

[99] Emissions from the agricultural, forestry, private vehicle transport and residential sectors are not collected.

[100] Clean Energy Regulator (2021) *Greenhouse gases and energy*, https://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme/Greenhouse-gases-and-energy

[101] NewClimate Institute, Carbon Market Watch (2022) *Corporate Climate Responsibility Monitor 2022*, https://newclimate.org/resources/publications/corporate-climate-responsibility-monitor-2022

[102] Clean Energy Regulator (2022) *The safeguard mechanism*, https://www.cleanenergyregulator.gov.au/NGER/The-safeguard-mechanism

required, and Australia's industrial emissions have increased significantly despite the creation of the Mechanism.[103]

Since the Safeguard Mechanism began operating in 2016, emissions covered by the scheme have increased by about 7 per cent. Emissions from the scheme in 2020-21 were 137 million tonnes of CO_2-equivalent (CO_2-e). Analysis has suggested that under a 'business as usual' scenario covered emissions are projected to grow to 140 Mt in 2030. [104]

This retrospective and projected emissions growth is significant because almost three quarters of the entities covered by the Safeguard Mechanism (representing 83 per cent of covered emissions) have net zero targets. If the promised climate ambition of Safeguard entities was credible—with legitimate short-term targets and strategies—their emissions should have seen a natural decline, rather than increasing.

In recognition that emissions by Safeguard-covered facilities are rising, the recently elected Australian Government has committed to "strengthening" the Safeguard Mechanism which would see a gradual lowering of baselines. However, it has made clear that facilities can stay under their baselines by offsetting their emissions as an alternative to absolute reductions. There is no requirement for firms covered by the Safeguard Mechanism to prove that they are in a 'hard to abate' sector to justify relying on offsets.

At the same time, the new Government has also suggested that tailored treatment will be provided to Safeguard-covered facilities that come from 'emissions intensive trade exposed industries' (including the gas and coal industries), potentially giving them less-stringent emissions reductions requirements. Inpex Corporation (the gas company that has committed to a net zero future with the Northern Territory) has been one of the first companies to publicly lobby the government on concessions to the fossil fuel industry. [105]

Greenwashing regulation

In this context, it is not surprising that entities overseeing competition and consumer protection—such as the Australian Competition and Consumer Commission (ACCC) and the Australian Association of National Advertisers' Ad Standards body—have proven unfit for purpose in policing claims, no matter how dubious, made by non-state actors.

[103] Morton & Murphy (2022) *Coalition climate policy forced big polluters to pay $15m for carbon credits in past year*, https://www.theguardian.com/environment/2022/apr/28/coalition-climate-policy-forced-big-polluters-to-pay-15m-for-carbon-credits-in-past-year

[104] Reputex (2022) *Modelling Potential Futures for Australia's Safeguard Mechanism (Carbon Market Institute)*, https://www.reputex.com/research-insights/report-modelling-potential-futures-for-australias-safeguard-mechanism/

[105] Fowler (2022) *Japan's Inpex calls for carve-outs from Labor's carbon policy*, https://www.afr.com/companies/energy/japan-s-inpex-calls-for-carve-outs-from-labor-s-carbon-policy-20220819-p5bb9t

For example, numerous 'carbon neutral' fossil fuel products are sold and promoted in Australia. These claims go largely unscrutinised by consumers and consumer protection bodies domestically. By contrast, Shell was recently forced to remove advertisements promoting 'carbon neutral' petrol after they were found to be misleading by the Netherlands' Advertising Code Committee.[106] The fact that these products are promoted by the Australian Government through a government-owned ecolabel known as Climate Active (discussed in more detail below) may explain why they have not faced similar criticism at their international counterparts.

It is also unsurprising that civil society is increasingly taking measures into its own hands in response to government failure to act in the community's interests and adequately regulate or control polluting industries, despite the clear damage that they are causing. [107] [108] A lawsuit was filed in August 2021 against oil and gas company Santos by the Australasian Centre for Corporate Responsibility alleging that Santos' net zero strategy is "greenwashing".[109] Comms Declare has filed a complaint with the support of the Environmental Defenders Office to Ad Standards alleging that Ampol is greenwashing with claims of a 'carbon neutral' petrol. [110]

HOW THE AUSTRALIAN GOVERNMENT SPONSORS CORPORATE GREENWASHING

Promoting offsetting

Rather than mandating real emissions reductions, the Australian Government actively promotes the practice of offsetting by non-state actors. Australia has an entire policy framework and public fund dedicated to the generation of carbon offsets, which are unitised emissions reductions generated by projects that reduce, avoid or store greenhouse gas emissions. They can be purchased by the private sector to make up for emissions that

[106] George (2021) *Shell campaign promoting carbon offsetting is greenwashing, Dutch advertising watchdog rules*, https://www.edie.net/shell-campaign-promoting-carbon-offsetting-is-greenwashing-dutch-advertising-watchdog-rules/

[107] Environmental Defenders Office (2002) *Australasian Centre for Corporate Responsibility expands landmark Federal Court case against Santos*, https://www.edo.org.au/2022/08/25/australasian-centre-for-corporate-responsibility-expands-landmark-federal-court-case-against-santos/

[108] MacDonald-Smith (2022) *Scarborough project will raise temperature by 0.000394 of a degree*, https://www.afr.com/companies/energy/scarborough-challenge-based-on-damage-to-reef-20220622-p5avmx

[109] Kurmelovs (2021) *Santos sued for 'clean fuel' claims and net zero by 2040 target despite plans for fossil fuel expansion*, https://www.theguardian.com/australia-news/2021/aug/26/santos-sued-for-clean-fuel-claims-and-net-zero-by-2040-target-despite-plans-for-fossil-fuel-expansion

[110] Environmental Defenders Office (2022) *Greenwashing complaint lodged against Ampol carbon-neutral fuel claims*, https://www.edo.org.au/2022/08/30/greenwashing-complaint-lodged-against-ampol-carbon-neutral-fuel-claims/

occur elsewhere, thus allowing companies to fulfil compliance requirements under the Safeguard Mechanism or to meet voluntary climate targets.

Where carbon offsets do have integrity and represent genuine additional abatement, they are only meant to be used to offset emissions after *everything* has been done to reduce or avoid producing greenhouse gases in the first place. The role of offsets in achieving climate emissions goals is sometimes referred to as the last step in a 'hierarchy of mitigation' taken from natural resource management theories.[111] One such hierarchy comprises the steps 'Avoid, Reduce, Restore, Compensate/Offset'.

A hierarchy of mitigation should place offsets close to something as a last resort—a measure that can be used to negate emissions *after* reasonable efforts have been made to reduce them. For example, the global Science-Based Targets Initiative (SBTI)—which helps organisations set targets in line with 1.5°C—specifies that carbon credits cannot be counted as emissions reductions towards short- or long-term science targets, and should only be used after organisations have reduced emissions by more than 90 per cent.[112]

The use of carbon offsets to meet net zero targets has been heavily criticised as by its very nature, offsetting—whether via natural sinks or other means— never achieves anything beyond maintaining the status quo. Carbon offsets are not intended to justify maintaining or increasing emissions. The risk of them being too affordable or readily available is that it may be cheaper to maintain a polluting business model and simply offset rather than implement the structural changes that would see emissions avoided. In this respect, it's unsurprising that changes to Australia's carbon-offsetting scheme—discussed in more detail below—have been underway for several years to increase the supply of carbon offsets to the market: access to large quantities of low-cost carbon offsets is essential to the commercial viability of the plans of emission-intensive industries (like the gas industry) to significantly increase their production and gross emissions.

Buying offsets displaces and disincentivises investments in the structural adjustments that would permanently displace the use of fossil fuels. To date, carbon offsets have been cheap and abundant enough that it has been easier for governments and industry to carry on burning fossil fuels and simply offset the resulting pollution. Furthermore, evidence is growing that a significant number of carbon offsets globally have been found to not even

[111] WWF (2020) *First Things First: Avoid, Reduce…and only after that-Compensated*, https://wwf.panda.org/wwf_news/?362819/First-Things-First-Avoid-Reduce--and-only-after-thatCompensate

[112] Science Based Targets (2021) *SBTI Corporate Net-Zero Standard*, https://sciencebasedtargets.org/net-zero/

represent their claimed CO_2-e reduction. [113] The inevitable outcome of such a situation has been a delay in transitioning away from fossil fuels and a worsening of emissions.[114]

Offsets are increasingly regarded as a greenwashing or delay tactic by organisations that don't want to make structural changes or change to a low-carbon business model. Offsets are also overwhelmingly used by the fossil fuel industry to justify increasing production in which case their use leads to a net increase in emissions, as in the case of their use by Woodside (discussed above).

The Australian Government also administers a carbon neutral ecolabel scheme, Climate Active, where non-state entities—including gas companies—are "certified" as carbon neutral for offsetting some of their emissions and subsequently promoted by the government as "progressive climate leaders".[115] This is discussed in more detail below.

Australia's carbon offset scheme

The Emissions Reduction Fund (ERF) is a $4.5 billion scheme that issues Australian Carbon Credit Units (ACCUs) to projects for carrying out various 'emissions reductions' activities across the economy. [116]

Projects earn one ACCU for every tonne of CO_2-e stored or avoided by a project. ACCUs can be sold to the government or on a secondary market to businesses needing to offset their emissions for voluntary reasons or for compliance under the Safeguard Mechanism.

The original goal of the ERF was to incentivise emissions reductions in Australia that wouldn't happen otherwise, with the aim of helping Australia meet its emissions reduction targets. Accordingly, the Australian Government has been by far the biggest buyer of ACCUs to date.[117] [118]

However, over several years, the former Coalition government set in motion a number of changes designed both to increase the amount of carbon credits generated by projects and to extract itself as the biggest buyer these credits in order to increase the supply available to

[113] Cames, Harthan, Füssler, Lazarus, Lee, Erickson & Spalding-Fecher (2016) *How additional is the Clean Development Mechanism? Analysis of the application of current tools and proposed alternatives*, https://www.oeko.de/en/publications/p-details/how-additional-is-the-clean-development-mechanism-1

[114] Carbon Market Watch (2021) *Net-zero pipe dreams: Why fossil fuels cannot be carbon neutral*, https://carbonmarketwatch.org/publications/net-zero-pipe-dreams-why-fossil-fuels-cannot-be-carbon-neutral/

[115] Climate Active (2022) *Our Network*, https://www.climateactive.org.au/be-climate-active/our-network

[116] The recently elected Labor government has flagged that the name of the Emissions Reduction Fund is likely to change, but that it will still operate under its government

[117] Clean Energy Regulator (2022) *Auction October 2021*, https://www.cleanenergyregulator.gov.au/ERF/auctions-results/october-2021

[118] Clean Energy Regulator (2022) *Quarterly Carbon Market report – September Quarter 2021*, https://www.cleanenergyregulator.gov.au/ERF/auctions-results/october-2021

the private sector to use as offsets. [119] The new Labor government also appears to support this approach. In a recent address to a carbon offset industry event, the Minister for Climate Change and Energy Chris Bowen signalled his government's support for the expanded use of offsets by claiming that carbon trading is "about to get a whole lot more important" and that "carbon credits will play a vital role in our government's climate action plan … but we must do more to unlock the full potential of the carbon credit system."[120]

Similarly, the website of the Clean Energy Regulator (CER)—the government body tasked with administering the ERF—was recently updated with a statement promoting carbon offsets: "the ability for Australia and Australian industry to move to 'net zero' emissions … is heavily dependent on timely access to carbon offset units and certificates".[121]

Despite these confident assertions, Australia's entire carbon offset system has been clouded in scandal. Along with a number of independent experts, the former chair of the Emissions Reduction Assurance Committee (ERAC)—the statutory committee overseeing the integrity of carbon credit methods—has described the vast majority of Australia's credits as "a sham". Meanwhile, the ERAC's membership has been riddled with conflicts of interest and the influence of fossil fuel lobbyists.[122] [123]

In response to these developments a government-commissioned review is currently underway, assessing the governance of the offset scheme, the three methods that currently generate the majority of Australia's carbon offsets, and the ways in which more environmental and cultural benefits could be brought into the scheme.[124] However, rather than exercising caution and pausing the use of the methods in question, the Clean Energy Regulator continues to issue hundreds of thousands of carbon offsets to projects that may not be result in any meaningful reductions. Even as the review is taking place, the Minister for Climate Change and Energy has encouraged "increased participation in the carbon

[119] Hemming, Armistead, Venketasubramanian (2022) *An Environmental Fig Leaf*, https://australiainstitute.org.au/report/an-environmental-fig-leaf/

[120] Bowen (2022) *Keynote address to Carbon Market Institute Symposium*, https://minister.dcceew.gov.au/bowen/speeches-and-transcripts/keynote-address-carbon-market-institute-symposium-0

[121] Clean Energy Regulator (2022) *Public Interest Certificate – Australian Carbon Exchange*, https://www.cleanenergyregulator.gov.au/Infohub/Markets/Pages/Australian%20Carbon%20Exchange/Public-Interest-Certificate-Australian-Carbon-Exchange.aspx

[122] Long (2022) *Potential conflicts of interest abound in Australia's carbon credits market,* https://www.abc.net.au/news/2022-04-02/carbon-credit-conflicts-of-interest-in-clean-energy-regulator/100952758

[123] Hemming, Campbell, Ogge & Armistead (2022) *Come clean: How the Emissions Reduction Fund came to include carbon capture and storage*, https://australiainstitute.org.au/report/come-clean-how-the-emissions-reduction-fund-came-to-include-carbon-capture-and-storage/

[124] Bowen (2022) *Independent Review of ACCUs*, https://minister.dcceew.gov.au/bowen/media-releases/independent-review-accus

market"[125], while the Clean Energy Regulator has called for submissions on how to "make it easier" to participate in Australia's carbon market.[126]

Regulators endorsing offsets

Despite being an 'independent' statutory body, the Clean Energy Regulator has come under increasing scrutiny for the way in which it appears to overtly defend the carbon offsets it nominally 'regulates' against documented concerns raised by scientists, academics, independent experts and media investigations.[127] [128] [129] [130] [131] [132]

Further, and somewhat unusually for a regulatory body, the Clean Energy Regulator also appears to promote offsets and carbon offset developers in the same way products are promoted by commercial brands. The CER's homepage showcases a brand of beer that has used renewable energy certificates and offsets to claim carbon neutrality.[133] Other case

[125] Bowen (2022) *Keynote address to Carbon Market Institute Symposium*, https://minister.dcceew.gov.au/bowen/speeches-and-transcripts/keynote-address-carbon-market-institute-symposium-0 (NB: the comments by the Minister referenced in this submission were part of the event's Q&A segment and do not appear in the Minister's speech)

[126] Clean Energy Regulator (2022*) Increasing participation in the Emissions Reduction Fund*, https://www.cleanenergyregulator.gov.au/Infohub/consultation-hub/increasing-participation-in-the-emissions-reduction-fund

[127] Kelly (2021) *Clean Energy Regulator rejects junk carbon credit claims*, https://www.abc.net.au/radionational/programs/breakfast/clean-energy-regulator-rejects-junk-carbon-credit-claims/13631010

[128] Loussikian (2022) *Carbon credits scheme criticism 'unfounded': Angus Taylor*, https://www.theaustralian.com.au/business/carbon-credits-scheme-criticism-unfounded-angus-taylor/news-story/b8d5bb1eb2deec868a5d98d5e5d6ff85

[129] Clean Energy Regulator (2022) *ERAC response to TAI Report: Come Clean – Carbon Capture and Storage CCS*, http://www.cleanenergyregulator.gov.au/About/Pages/News%20and%20updates/NewsItem.aspx?ListId=19b4efbb-6f5d-4637-94c4-121c1f96fcfe&ItemId=1083

[130] Clean Energy Regulator (2022) *Statement: CER Response to AAP story on the blue carbon method*, http://www.cleanenergyregulator.gov.au/About/Pages/News%20and%20updates/NewsItem.aspx?ListId=19b4efbb-6f5d-4637-94c4-121c1f96fcfe&ItemId=1047

[131] Clean Energy Regulator (2021) *Statement: CER Response to ABC story on the ACCU price*, http://www.cleanenergyregulator.gov.au/About/Pages/News%20and%20updates/NewsItem.aspx?ListId=19b4efbb-6f5d-4637-94c4-121c1f96fcfe&ItemId=1041

[132] Clean Energy Regulator (2021) *Statement: TAI paper on Carbon Capture and Storage*, http://www.cleanenergyregulator.gov.au/About/Pages/News%20and%20updates/NewsItem.aspx?ListId=19b4efbb-6f5d-4637-94c4-121c1f96fcfe&ItemId=1030

[133] Clean Energy Regulator (n.d.) *Case study highlights: Making carbon neutral beer - Good natured brews,* https://www.cleanenergyregulator.gov.au/ [https://www.youtube.com/watch?v=AhBfB1JGQpk&feature=youtu.be]

studies on the CER's website and YouTube channel feature commercial carbon brokers and large commercial carbon project developers promoting carbon credits and projects. [134] [135]

The CER's site also hosts a seminar series called "Participating in Australia's carbon market to meet corporate climate goals", which is presented by a carbon industry lobby group and features a number of commercial carbon market participants and fossil energy retailers such as AGL and Telstra. One of the episodes in this series, entitled "The business case for emissions reductions and setting climate goals", places almost no emphasis on the reducing emissions, instead promoting the use of carbon offsets to claim carbon neutrality. [136] [137]

Climate Active

The Clean Energy Regulator works closely with the Australian Government's 'carbon neutral' certification scheme, Climate Active, as a means to promote Australian carbon offsets.

Climate Active certifies claims of carbon neutrality for organisations, products, services, buildings, precincts, and events. Businesses must follow the Climate Active Carbon Neutral Standard for their relevant certification type to be eligible for certification. Once certified, they pay a licence fee to use the Climate Active Carbon Neutral trademark and become a member of the Climate Active Network. Certified entities are given special recognition for 100% Australian carbon offset portfolios.

Climate Active claims that its certification is "proof towards a claim that your brand has achieved net zero emissions" and describes the scheme as "one of the most rigorous in the world". [138] It also promotes the brands it certifies heavily, describing them as "making a real difference":

> The Climate Active stamp helps the community take action by making it easier to identify and choose brands that are making a real difference. It's about making good decisions today, for a more sustainable tomorrow.

Similarly:

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[134] Clean Energy Regulator (2021) *Farming soil carbon: a second crop*, https://www.cleanenergyregulator.gov.au/Infohub/case-studies/Pages/erf-case-studies/Case-study-%e2%80%93-soil-carbon-method.aspx

[135] Clean Energy Regulator (2022) *Beef Cattle Method - South Pole*, https://www.youtube.com/watch?v=2OEzALHU_Eg

[136] Clean Energy Regulator (2021) *Market engagement and resources*, https://www.cleanenergyregulator.gov.au/Infohub/Markets/Market-engagement-and-resources;

[137] Clean Energy Regulator (2021) *Participating in Australia's carbon markets to meet corporate climate goals – Carbon market fundamentals*, https://www.cleanenergyregulator.gov.au/DocumentAssets/Pages/Participating_in_Australia%E2%80%99s_carbon_markets-March_2020.aspx

[138] Climate Active (2022) *Certification*, https://www.climateactive.org.au/be-climate-active/certification

> Climate Active certification sends a clear signal that your business is serious about addressing climate change and is committed to sustainability, innovation, and industry leadership.

While the certification at face value requires an entity to follow the hierarchy of mitigation—reducing their emissions as much as possible before offsetting the remainder—in reality, this requirement does not appear to be enforced and it is unclear how it could be enforced under a voluntary paid certification scheme.

Despite its assertions of rigour, Climate Active appears to facilitate misleading climate claims by non-state actors. It not only allows heavy dependence on offsets in lieu of permanent reductions; its certification categories allow entities to carve off aspects of their business and claim net zero or carbon neutrality for that component while leaving emissions from the rest of the business unaddressed.

A consumer might well assume that if a business has achieved certification as a carbon neutral 'organisation', this certification covers the entirety of the business. However, in reality, the certification only requires an entity to account for their business *operations* (predominantly the emissions from running their offices). It doesn't account for investments, or for the products the business manufactures.

National Australia Bank (NAB), for example, reports being a 'carbon neutral' organisation. However, the certification only covers the organisation's business operations. Investments—not an insignificant part of a bank's operations—are among the categories excluded from NAB's Climate Active emissions "boundary".[139] While NAB reports a reduction in operational emissions over the last five years of around 30,000 tonnes of CO_2-e, Market Forces found that the bank's investments in expansionary fossil fuel projects between 2016 and 2020 were responsible for enabling 3.6 *billion* tonnes of CO_2.[140] This is over 4000 times the 840,750 tonnes reported within NAB's emissions boundary to Climate Active over the same period.

Telstra, meanwhile, was certified as a carbon neutral organisation in 2020, having offset around 2 million tonnes of operational emissions. Again, the certification excludes some of Telstra's products, despite the company acknowledging that scope 3 emissions account for around 70 per cent of its total emissions. [141]

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[139] Climate Active (2022) *NAB Public Disclosure Statement, Emissions Boundary, P8,* https://www.climateactive.org.au/sites/default/files/2022-03/NAB_Ongoing%20Cert_Year%2011%20FY2020-21_PDS.pdf

[140] Market Forces (2021) *Funding Market Failure,* https://www.marketforces.org.au/campaigns/banks/bigfourscorecard/#climate-scorecard-bank-actions-since-january-2016

[141] Carbon Disclosure Project (n.d.) *Telstra: Building smart modems and a sustainable supply chain*, https://www.cdp.net/en/articles/companies/telstra-building-smart-modems-and-a-sustainable-supply-chain

Just as the organisational certification does not encompass the total emissions produced by an entity, the Climate Active carbon neutral products certification only requires a business to offset the emissions generated from the manufacture of a product. It does not include the emissions from the wider business or the other products they may produce.

Still using Telstra as the example, in 2022 the company launched a retail fossil gas and electricity product, increasing the business's overall emissions. The product has been certified carbon neutral by Climate Active.[142] Telstra is able to publicly claim that is a carbon neutral organisation selling carbon neutral products—and all the while, the vast majority of its emissions have gone unaccounted for.

Carbon neutral fossil fuels

While many Climate Active members engage with the scheme in good faith, driven by a desire to demonstrate credible climate ambition, Climate Active's certification and promotion of fossil fuel products and fossil fuel companies is possibly the most problematic and misleading aspect of the scheme.

No certified fossil fuel firm has credibly demonstrated alignment with pathways to limit global warming to 1.5°C, as set out in the Paris Agreement, and in keeping with the global carbon budget. Nor does any fossil fuel company propose offsetting the entirety of their emissions.

Nevertheless, Climate Active endorses the fossil fuel companies it certifies as "having gone beyond standard practice and set themselves apart as climate champions". It also encourages consumers to buy from these businesses as they are "taking positive action on climate change".

Some of Australia's biggest fossil fuel emitters—including AGL, Energy Australia, Ampol and Origin Energy—sell retail petrol, fossil gas and/or coal-fired electricity products that have been certified carbon neutral by Climate Active. Notwithstanding the argument that fossil carbon cannot be reliably or permanently offset by land-based carbon sinks,[143] none of these companies have provided credible evidence that they plan to reduce their emissions at all. Ampol, like many businesses using offsets, claims its carbon neutral petrol product is a step in its climate transition, but it is very vague about what that transition actually is.

[142] Telstra Energy (2022) *Together we can make a difference,* https://www.telstra.com.au/electricity-and-gas

[143] Carton, Lund, Dooley (2021) *'Undoing Equivalence: Rethinking Carbon Accounting for Just Carbon Removal'*, https://www.frontiersin.org/articles/10.3389/fclim.2021.664130/full

Figure 2: Ampol's social media promotion of its carbon neutral petrol

Source: https://www.facebook.com/AmpolAustralia

Carbon neutral gas companies

Climate Active has also certified the operations of several fossil fuel companies—Tokyo Gas, Cooper Energy and Nue Rizer (an underground coal gasification company formerly called Leigh Creek Energy)—allowing these companies to call themselves 'carbon neutral organisations' and make ambitious climate claims that are not indicative of their actual climate impact.

Cooper Energy

In 2020 gas company Cooper Energy announced that it was "Australia's first carbon-neutral domestic gas producer by fully offsetting its FY20 emissions". [144] [145] In practice, this meant offsetting 10,000 tonnes of CO_2-e of operational emissions. For context the company's scope 3 emissions for its equity share for the same year were around 537,000 tonnes. [146]

Cooper Energy has since certified its gas product (but not its oil product) as carbon neutral under Climate Active on an 'opt-in' basis. This means that the customer chooses whether or not to make the gas they are buying 'carbon neutral' in a similar way to passengers can opt to offset their emissions when booking air travel. Cooper Energy's scope 3 emissions in

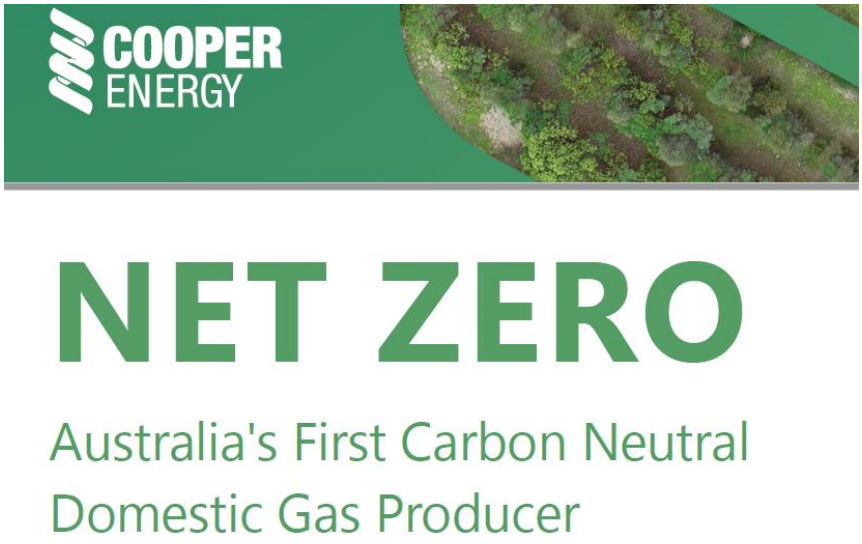
[144] Cooper Energy (2020) *ASX Announcement / Media Release: Cooper Energy to be carbon neutral in 2020,* https://www.cooperenergy.com.au/investor-information/asx-announcements

[145] Cooper Energy (2021) *Sustainability Report*, https://www.cooperenergy.com.au/our-company/sustainability/sustainability-report

[146] Ibid

2021, including gas and oil, were over 900,000 tonnes of CO_2-e. To date the company has not provided any evidence that it has purchased any offsets for its product.

Figure 3: Cooper Energy's Sustainability report



Source: Cooper Energy Sustainability report, 2021

Tokyo Gas

Tokyo Gas is a gas company with investment and participation in a number of fossil fuel projects in Australia, including the Darwin LNG Project, the Pluto LNG Project, the Gorgon LNG Project, the Icthys LNG Project.

In direct emissions Ichthys and Gorgon alone emit around 7 million and 9 million tonnes of CO_2-e a year. Pluto currently emits 1.9 million tonnes per year (a figure that will increase to 4.4 million tonnes with the Scarborough development), while the LNG gas plant emits 2.05 million tonnes of CO_2 per annum.[147] [148] [149] [150]. Tokyo Gas' share of these direct emissions is approximately 380,000 tonnes of CO_2-e. To be certified a carbon neutral organisation, Tokyo Gas offset the emissions from running its offices only: 235.7 tonnes of CO_2-e per year.

[147] NT Environmental Protection Authority (2022) *Ichthys Gas Field Development (INPEX)*, https://ntepa.nt.gov.au/your-business/public-registers/environmental-impact-assessments-register/completed-assessments/register/ichthys-gas-field-development-inpex

[148] Swann (2018) *Gorgon-tuan Problem*, https://australiainstitute.org.au/report/gorgon-tuan-problem/

[149] Conservation Council of Western Australia, The Australia Institute (2021) *Why the Scarborough LNG development cannot proceed*, https://australiainstitute.org.au/report/why-the-scarborough-lng-development-cannot-proceed/

[150] Robert (2021*) Should Santos' Proposed Barossa Gas 'Backfill' for the Darwin LNG Facility Proceed to Development?* https://ieefa.org/resources/should-santos-proposed-barossa-gas-backfill-darwin-lng-facility-proceed-development

Figure 4 Tokyo Gas website

Source: https://www.tokyo-gas.com.au/

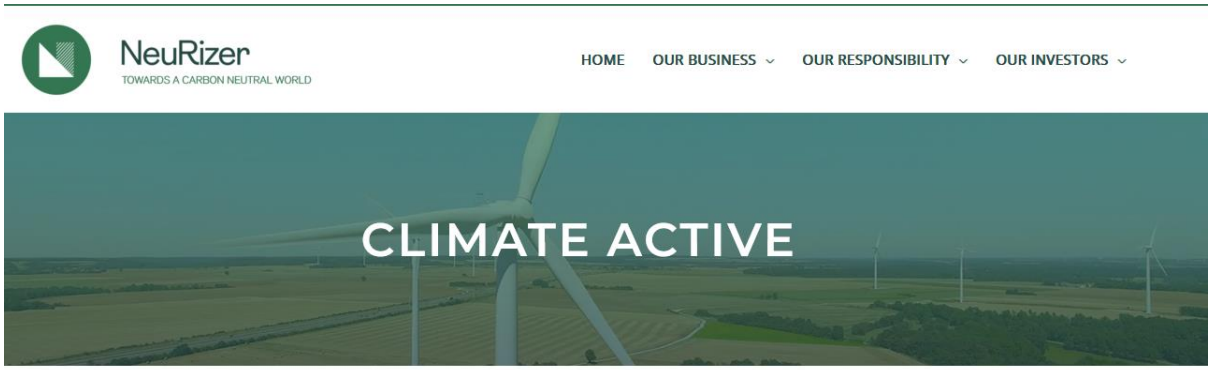
NueRizer

NueRizer is a urea plant carrying out underground coal gasification. The company has been certified as a carbon neutral organisation after offsetting its business operations (8,500 tonnes of CO_2-e). To put the emissions being offset versus the emissions that will be produced by the organisation into context, NueRizer projects that 1 million tonnes of urea per year will be produced when the company's project is fully operational (with potential to increase to 2Mtpa). Producing 1 million tonnes of urea with syngas has an estimated carbon footprint of around 700,000 t of CO_2-e. [151]

Again, none of these organisations are credibly reducing emissions—and yet, they can (and have) made public announcements about their net zero achievements. Climate Active, on behalf of the Australian Government, is effectively promoting this misleading approach, giving social licence to the industries driving the climate emergency by branding fossil fuel companies as climate leaders.

[151] Kumar, Verma, Gupta, Paul, Jain, Haque (2021) 'Life Cycle Analysis for The Production of Urea Through Syngas', *IOP Conference Series: Earth and Environmental Science*, https://iopscience.iop.org/article/10.1088/1755-1315/795/1/012031

Figure 4 NueRizer webpage



NEURIZER IS A CERTIFIED CARBON NEUTRAL ORGANISATION

Climate Active is a partnership between the Australian Government and Australian businesses to drive voluntary climate action. Climate Active certifies businesses that have achieved net zero carbon emissions.

Source: https://neurizer.com.au/our-responsibility/climate-active/

Low quality offsets

Given the emphasis that Climate Active places on offsets, it is worth reiterating that the integrity and governance of Australia's carbon credits has been repeatedly brought into question over a number of years by numerous independent experts and reported in the media.[152] [153] [154] [155] [156] [157]

Fossil fuel companies Ampol and Origin Energy and other big emitting companies such as Lion Brewery (among others) all offset a significant quantity of emissions using carbon credits that have been found to be of low integrity by the Australia Institute and other

[152] Burke (2016) 'Undermined by adverse selection: Australia's Direct Action abatement subsidies', *CCEP Working Paper 1605*, https://ccep.crawford.anu.edu.au/publication/ccep-working-paper/7618/undermined-adverse-selection-australias-direct-action-abatement

[153] Taylor (2015) *Greg Hunt hasn't a lot to show for $660m spent on reducing greenhouse emissions*, https://www.theguardian.com/environment/2015/may/01/greg-hunt-660m-spent-reducing-greenhouse-emissions

[154] Burke (2016) *Direct Action not giving us bang for our buck on climate change*, https://theconversation.com/direct-action-not-giving-us-bang-for-our-buck-on-climate-change-59308

[155] Emissions Reduction Assurance Committee (2019) *Review of the Carbon Credits (Carbon Farming Initiative – Avoided Deforestation 1.1) Methodology Determination 2015: Discussion paper*, https://consult.industry.gov.au/review-of-the-carbon-credits-carbon-farming-initiative-avoided-deforestation-11-methodology-det

[156] Thompson (2021) *Boom time in carbon farming country*, https://www.abc.net.au/radionational/programs/backgroundbriefing/boom-time-in-carbon-farming-country/13637436

[157] Baxter & Gilligan (2017) *Verification and Australia's emissions reduction fund: integrity undermined through the landfill gas method?* https://search.informit.org/doi/10.3316/INFORMIT.213968113774497

academics. These credits are currently the subject of the government review.[158] [159] [160] [161] [162] [163] [164] [165] [166]

Climate Active promotes entities that offset their emissions entirely using Australian carbon credits as "supporting Australian offset projects, our communities and the local environment", and from 2023 will begin implementing a requirement that all Climate Active certifications use at least 20% ACCUs in their offset portfolios to be certified.[167]

Despite the government's overt endorsement of Australian offsets, a majority of offsets used by Climate Active members are significantly cheaper units from international frameworks, such as the Clean Development Mechanism (CDM) and Verified Carbon Standard/Verra. Many of the projects operating under both schemes have found to be neither real, nor additional.[168]

Research has indicated that the Clean Development Mechanism—the framework generating offsets that Telstra has used to offset over 1 million tonnes of CO_2-e—may actually have *increased* emissions as a whole.[169] A 2016 study commissioned by the European Commissioned found that the CDM "has fundamental flaws in terms of overall

[158] Bowen (2022) *Independent Review of ACCUs*, https://minister.dcceew.gov.au/bowen/media-releases/independent-review-accus

[159] Climate Active (2021) *Public Disclosure Statement: Telstra Energy (Retail) Pty Ltd – Product Certification FY2021-22 (projected)*, https://www.climateactive.org.au/buy-climate-active/certified-members/telstra

[160] Bowen (2022) *Independent Review of ACCUs*, https://minister.dcceew.gov.au/bowen/media-releases/independent-review-accus

[161] Climate Active (2021) *Public Disclosure Statement: Ampol Limited – Product Certification CY2021 (projected)*, https://www.climateactive.org.au/buy-climate-active/certified-members/ampol-limited

[162] Climate Active (2022) *Public Disclosure Statement: Origin Energy Limited – Solar PV Product – Product Certification CY2022 (Projected)*, https://www.climateactive.org.au/buy-climate-active/certified-members/origin

[163] Climate Active (2022) *Public Disclosre Statement: Origin Energy Limited- Demand Response Product – Product Certification CY2022 (Projected)*, https://www.climateactive.org.au/buy-climate-active/certified-members/origin

[164] Climate Active (2021) *Public Disclosure Statement: Origin Energy Limited LPG – Product Certification CY2021 (Projected)*, https://www.climateactive.org.au/buy-climate-active/certified-members/origin

[165] Climate Active (2021) *Public Disclosure Statement: Origin Energy Limited Electricity – Product Certification CY2021 (Projected)*, https://www.climateactive.org.au/buy-climate-active/certified-members/origin

[166] Climate Active (2021) *Public Disclosure Statement: Lion Pty Ltd – Organisation Certification CY2021*, https://www.climateactive.org.au/buy-climate-active/certified-members/lion

[167] Climate Active (2022) *Independent Review of ACCUs*, https://www.climateactive.org.au/what-climate-active/news/independent-review-accus

[168] Cames, Harthan, Füssler, Lazarus, Lee, Erickson & Spalding-Fecher (2016) *How additional is the Clean Development Mechanism? Analysis of the application of current tools and proposed alternatives*, https://www.oeko.de/en/publications/p-details/how-additional-is-the-clean-development-mechanism-1

[169] Calel, Colmer, Dechezleprêtre, Glachant (2021) *Do Carbon Offsets Offset Carbon?* https://www.cesifo.org/en/publikationen/2021/working-paper/do-carbon-offsets-offset-carbon

environmental integrity" and that the majority of projects "are not providing real, measurable and additional emission reductions".[170] Telstra has also offset its fossil gas and electricity product through the purchase of CDM offsets from an Indian windfarm.[171]

REDD+ (reduced emissions from deforestation and degradation) offsets, along with other avoided deforestation carbon credit methodologies, are also eligible to meet a carbon neutral claim under Climate Active. REDD+ has been widely criticised as failing to curb deforestation, generally lacking integrity, and systematically crediting non-additional abatement globally.[172] [173] [174]

Beyond carbon, there are also particular concerns about the local benefits that international offsetting schemes deliver (or fail to deliver), particularly regarding inadequate consultation with customary landholders and carbon offset projects being established with no legal basis.[175] [176] [177]

An example is the NIHT Topaiyo REDD+ project in Papua New Guinea under the Verified Carbon Standard. While the project has been marred by concerns over its legality since its inception, it is already issuing offsets to Climate Active members.[178] There continue to be questions around whether the local stakeholder consultation process amounted to free, prior and informed consent from landholders to operate a carbon project in the area. [179] There are also significant concerns over the additionality of the project. The claims by the

[170] Climate Home News (2022) *Data exclusive: The 'junk' carbon offsets revived by the Glasgow Pact*, https://www.climatechangenews.com/2022/06/17/data-exclusive-the-junk-carbon-offsets-revived-by-the-glasgow-pact/

[171] Climate Active (2021) *Public Disclosure Statement: Telstra Energy (Retail) Pty Ltd – Product Certifications FY2021-22 (projected)*, https://www.climateactive.org.au/buy-climate-active/certified-members/telstra

[172] West, Börner, Sills, Kontoleon (2020) 'Overstated carbon emission reductions from voluntary REDD+ projects in the Brazilian Amazon', *Proceedings of the National Academy of Sciences of the United States of Australia*, https://www.pnas.org/doi/10.1073/pnas.2004334117

[173] Agarwal, Saxena, Vyas, Shrivastava (2018) *Rethinking REDD+: A CSE assessment*, https://www.cseindia.org/rethinking-redd--9198

[174] Fletcher, Dressler, Büscher Anderson (2016) 'Questioning REDD+ and the future of market-based conservation', *Conservation Biology*, https://www.jstor.org/stable/24760998

[175] Greiner (2021) *How colonialism's legacy makes it harder for countries to escape poverty and fossil fuels today,* https://theconversation.com/how-colonialisms-legacy-makes-it-harder-for-countries-to-escape-poverty-and-fossil-fuels-today-159807

[176] Ends Report (2009) *International offsets: poor value for money?* https://www.endsreport.com/article/1569613

[177] Corbera & Jover (2012) The undelivered promises of the Clean Development Mechanism: insights from three projects in Mexico, *Carbon Management*, 3:1, 39-54, DOI: 10.4155/cmt.11.74 4

[178] Verra (n.d.) *Project 2293: NIHT Topaiyo REDD+*, https://registry.verra.org/app/projectDetail/VCS/2293

[179] Lang (2021) *"Illegal operations by NIHT Inc": Kamlapur Incorporated Land Group writes to Papua New Guinea's Climate Change & Development Authority and Verra*, https://redd-monitor.org/2021/06/29/illegal-operations-by-niht-inc-kamlapar-incorporated-land-group-writes-to-papua-new-guineas-climate-change-development-authority-and-verra/

proponents of the project, NIHT, that logging would have taken place in the project area are dubious considering the historical rate of deforestation in the area being very low as well as the topography of the area being very unfavourable to commercial logging. (The company's own project description document states that the area is largely "high and steep mountain ranges".)[180] Considering that these two large integrity issues sit within the context of many other concerns over the project's quality—including carbon stock permanence, benefit sharing disputes, illegible project maps and methodological faults—this project should be viewed as indicative of other offset projects being used to meet Climate Active certification.

It is difficult to see how Australian Government bodies such as the ACCC will be empowered to address opaque and misleading net zero claims by non-state actors given the enthusiasm with which the Australian Government itself defends and promotes offsets and offsetting over absolute emissions reductions.

[180] Independent mapping carried out by Dr Bryant Allen, Honorary Associate Professor, Coral Bell School of Asia Pacific Affairs, Australian National University

Addressing greenwashing: regulating the regulators

The involvement of non-state actors in climate action could and should be a welcome development as the scale and urgency of the climate clearly requires an 'all hands on deck' approach, but as others have noted:

> Non-state actors neither have the capacity nor, in all cases, the commitment necessary to play a leading role in global climate governance. Corporations can be especially fickle and unreliable. Putting stock in corporations' net- zero pledges may…reinforce the neoliberal misapprehension that the best way to combat climate change is through the heroic efforts of individual companies and consumers, rather than the thoroughgoing system- wide transition called for by the IPCC…. [181]

It is national governments that could have defined from the outset (and could still define) exactly what 'net zero' means. Instead, in place of strong credibility criteria, measurement and reporting requirements, Australia—along with many other countries—has given industry the luxury of creative interpretation and spared them the scrutiny of clear public reporting.

Ultimately it is the actions of states that will determine the ambition of non-state actors. Climate change is caused by market failure, and there is no theoretical or empirical evidence to suggest that voluntary commitments with voluntary compliance mechanisms will drive significant change. National governments control the levers of climate policy that affect net zero commitments by non-state actors. These levers include, but are not limited to, emissions disclosure requirements, environmental laws, emissions taxes or pricing mechanisms, anti-corruption measures, industry subsidies and public investment.[182] There are significant consequences for refusing to pull those levers due to the abundance of claims that voluntary action will be sufficient.

[181] Maclean (2019) Reorienting the Role of Nonstate Actors in Global Climate Governance, *Changing Actors in International Law*, https://www.researchgate.net/publication/338065600_Reorienting_the_Role_of_Nonstate_Actors_in_Global_Climate_Governance

[182] Maclean (2020) Rethinking the Role of Nonstate Actors in International Climate Governance, *Loyola University Chicago International Law Review*, https://www.researchgate.net/publication/342222459_Rethinking_the_Role_of_Nonstate_Actors_in_International_Climate_Governance

Instead of setting standards to which non-state actors must adhere, climate policy has been largely subverted so that non-state actors set the climate standards they want from the state. Australian governments, like others globally, are overwhelmingly beholden to industry, including to the fossil fuel and other carbon-intensive industries that are responsible for the vast majority of global emissions. [183] An array of tactics implemented by private sector interests—including coercion, intimidation, lobbying, misinformation, and material incentives—mean that the most effective climate policy measures at the disposal of national governments are inadequate, entirely absent or skewed in the favour of industry.[184] This corporate influence results in national governments shaping domestic policy to suit the needs of powerful industries, actively endorsing and subsidising fossil fuel production, and defending industry interests in trade deals and other international agreements. [185]

While the result of such governmental support manifests differently in developing and developed nations, the broad outcome is that emissions continue to rise globally, economies remain dependent on fossil fuel energy, and funding for the transition to renewable energy is absent. Meanwhile, non-state actors remain largely unaccountable, unbound by state obligations and out of reach of international law (to the extent that such law even exists). [186]

RELEASING INDUSTRY'S GRIP ON CLIMATE POLICY

As we have demonstrated, tackling the credibility and efficacy of net zero commitments by non-state actors can only be effective if it is accompanied by acknowledging and addressing the interaction between governments and the private sector. This does not only mean greater ambition by states and governments, but also forthrightly acknowledging where the private sector has been allowed to influence climate policy and where governments are enabling or complicit in greenwash by the private sector.

[183] Oil Change International, Friends of the Earth U.S. (2021) *Past Last Call: G20 public finance institutions are still bankrolling fossil fuels*, https://priceofoil.org/2021/10/28/past-last-call-g20-public-finance-institutions-are-still-bankrolling-fossil-fuels/

[184] Cooke (2022) *IPCC Report Calls Out 'Vested Interests' Delaying Climate Action*, https://www.resilience.org/stories/2022-03-01/ipcc-report-calls-out-vested-interests-delaying-climate-action/

[185] Parry, Black, Vernon (2021) *Still Not Getting Energy Prices Right: A Global and Country Update of Fossil Fuel Subsidies*, https://www.imf.org/en/Publications/WP/Issues/2021/09/23/Still-Not-Getting-Energy-Prices-Right-A-Global-and-Country-Update-of-Fossil-Fuel-Subsidies-466004

[186] Kleczkowkska (2020) *States vs. non-state actors – a public international law perspective*, https://www.researchgate.net/publication/338924055_States_vs_non-state_actors_-_a_public_international_law_perspective

Therefore, a key step towards regulatory frameworks that reduce emissions is reducing the influence of industry on the processes that shape rules and regulations. In Australia, at least, they have been central in designing the rules that govern them[187] [188] [189] and fossil fuel representatives remain in influential positions within Australia's climate policy bodies.[190]

For Australians, one of the abiding images of the 2021 UN climate conference in Glasgow was the Australian Government and the CEO of oil and gas company Santos jointly announcing a final investment decision on the company's carbon capture and storage project at Australia's pavilion. Research by the Australia Institute describes in detail the extent to which industry influence shaped the regulations that led to this announcement.[191]

Removing the representatives of fossil fuel companies and major emitters from official bodies and reducing their influence on the development of regulation is a first crucial step towards a framework for genuine emissions reductions. However, it is worth restating that the corruption of Australia's net zero policy by industry representatives also serves the interests of the Australian Government.

By being able to point to fossil fuel companies and their net-zero claims, the Australian Government has been able to deflect scrutiny and attention from its own lamentable record on emissions reduction and wider climate policy.

THE RESPONSIBILITY OF NON-STATE ACTORS

Non-state actors from sectors outside big emitting industries also have a key role (if not a responsibility) to play in advocating for climate integrity in their respective national contexts. Strong corporate governance—including reporting practices and linking management/directors' responsibilities to emissions—are also important. Rather than being passive actors benefitting from an absence of regulation, the businesses branding themselves as 'climate leaders' have the opportunity to call out the entanglement of industry and government, and to demand transparency and effective decarbonisation policies.

[187] Hemming, Campbell, Ogge, Armistead (2022) *Come clean*, https://australiainstitute.org.au/report/come-clean-how-the-emissions-reduction-fund-came-to-include-carbon-capture-and-storage/

[188] Hemming, Armistead, Venketasubramanian (2022) *An Environmental Fig Leaf*, https://australiainstitute.org.au/report/an-environmental-fig-leaf/

[189] Drury (2022) *Selling Out: How powerful industries corrupt our democracy*, https://www.hrlc.org.au/reports/2022/1/31/selling-out-how-powerful-industries-corrupt-our-democracy

[190] The most well-known example is the Chair of Australia's Climate Change Authority, former oil and gas executive Grant King.

[191] Hemming, Campbell, Ogge, Armistead (2022) *Come clean*, https://australiainstitute.org.au/report/come-clean-how-the-emissions-reduction-fund-came-to-include-carbon-capture-and-storage/

For now, there is a noticeable silence on climate advocacy from the private sector in Australia. Fossil fuel companies are by far the loudest voices engaging with government on climate policy in Australia. No company engaging with government on climate is lobbying for policies aligned with the Paris Agreement. [192]

It is reasonable to expect that industry will always game the system. Indeed, economic theory predicts that if given the chance, this is exactly what industry will do, and even those companies acting in good faith are likely to only to the bare minimum required of them. Without adequate transparency, meanwhile, governments will likely let industry get away with doing so.

As important as it is to reduce the influence of fossil fuel interests and major emitters, it will also be crucial to facilitate the involvement of researchers, worker groups, particularly affected communities and wider civil society. This goes beyond inclusion in decision making and consultation, requiring a range of policy settings to ensure experts and the community can contribute to effective climate policy, including net zero discussion.

These voices are often subject to silencing and intimidation. For example:

- Australia has seen numerous attacks on the favourable tax status of environmental and civil society groups that participate in net zero policy debate.[193]
- There have been attacks on trade unions, including those that represent fossil fuel industry workers.[194]
- The absence of secure funding for universities and scientific research can make scientists reluctant to communicate their expertise.[195]

Integrity of climate policy broadly, and regulation of net zero commitments more narrowly, are a function of how well other aspects of public and private sector governance are working. Australia's failure to ensure the integrity and effectiveness of net zero claims illustrates the need for strong integrity in governance and transparency measures within national and non-state bodies.

[192] InfluenceMap (n.d.) *Australia*, https://australia.influencemap.org/

[193] Slezak (2017) *Mining industry body retreats from hardline stance on charities*, https://www.theguardian.com/business/2017/nov/28/mining-industry-body-retreats-hardline-stance-charities

[194] Karp (2019) *Ensuring integrity bill: officials contradict Christian Porter on union deregistration*, https://www.theguardian.com/australia-news/2019/sep/25/ensuring-integrity-bill-officials-contradict-christian-porter-on-union-deregistration

[195] Morton (2022) *CSIRO has become 'extravagant consulting company', one of its former top climate scientists says*, https://www.theguardian.com/australia-news/2022/may/02/csiro-has-become-extravagant-consulting-company-one-of-its-former-top-climate-scientist-says

It is no coincidence that Australia's recent national election saw the election of candidates that were committed to both integrity measures and climate policy.[196] Australia's existing integrity bodies have already exposed corruption between the coal industry and government.[197] The recently elected Labor Government brought the promise of a federal integrity commission to the election—and given the controversy that surrounds Australia's offset system, it would be prudent of the government to include the carbon industry in future corruption inquiries.

Transparency and involvement by climate experts and civil society are therefore crucial to ensuring net-zero targets are meaningful and achieved.

[196] Wahlquist (2022) *Teal independents: who are they and how did they upend Australia's election*?, https://www.theguardian.com/australia-news/2022/may/23/teal-independents-who-are-they-how-did-they-upend-australia-election

[197] Whitbourn (2013) *ICAC: Obeid, Maitland coal licences must be torn up, profits confiscated*, https://www.smh.com.au/national/nsw/icac-obeid-maitland-coal-licences-must-be-torn-up-profits-confiscated-20131218-2zkb6.html

Conclusion

Greenwashing is a false economy

While this paper has acknowledged and described how the current net zero 'economy of appearances' serves both non-state and state actors, it is important to understand that ultimately, this situation affects both participants detrimentally.

The Australian Government is relying overwhelmingly on non-state actors to take the climate action required for Australia to meet its national climate target. [198] Designing climate policy to cater entirely to a small but powerful industry is arguably a false economy, as it ultimately disincentivises and obstructs other sectors from doing any more than the bare minimum in reducing their emissions.

While greenwashing fossil fuels has received bipartisan support in Australia, greenwashing actually takes significant effort. It is labour-intensive, economically inefficient, and ultimately convinces no one. Research has suggested that government would be better placed putting its efforts behind legitimate industrial policies that are less politically polarising and that actually reduce emissions. [199]

Policies that entrench fossil fuels in the Australian economy make it almost impossible for the rest of the private sector to decarbonise. As we have seen, this in turn compels businesses to set targets or make claims that look adequate at face value, but that do not actually achieve anything. The end result is a 'race to the bottom' by business.

Similarly, continuing to provide billions of dollars in subsidies to fossil fuels diverts funding that could go to renewable energy, electrification or research and development in legitimately hard-to-abate sectors. This, in turn, deters private investment in these areas—a phenomenon demonstrated effectively by Australia's current lack of electric transport,

[198] Rae (2022) *Emissions shift may reduce taxpayer burden*, https://www.canberratimes.com.au/story/7835792/emissions-shift-may-reduce-taxpayer-burden/

[199] Uden & Greig (2022) *Why direct action technology, not taxes, is a better climate bet*, https://www.afr.com/policy/energy-and-climate/why-direct-action-technology-not-taxes-is-a-better-climate-bet-20220818-p5batb

thanks to government offering significant subsidies for the purchase of large twin-cab utes while dragging its feet on introducing fuel efficiency and emissions standards. [200] [201] [202] [203]

Most importantly, government support for net zero targets that conceal a lack of real emissions reductions will invariably be exposed in official international climate accounting and will be laid bare in Australia's national inventory for the international community and trading partners to see. For a country hoping to host a United Nations climate conference in the future, Australia should be mindful that its climate ambition will be under enhanced scrutiny. [204]

For non-state actors with legitimate climate ambition, the net zero economy of appearances rewards greenwashing while credible claims are unrecognised and unrewarded. Many businesses and entities certified by Climate Active may indeed be credibly reducing their emissions in areas of their business, but the trademark promotes fossil fuel companies and legitimate organisations as having the same level of ambition.

In an economy under pressure to reduce its emissions, governed by regulators fighting the reality of a finite carbon budget, non-state actors in non-fossil fuel industry sectors will be expected to do the heavy lifting on climate. It is likely that, as the Australian Government continues to approve gas and coal projects, other sectors will be expected to compensate for new emissions—even though it might be harder for them to do so given the lack of investment in their sectors as mentioned above.

Ultimately, there are very few beneficiaries from net zero pledges as currently defined and practiced in Australia. The exceptions are a handful of fossil fuel executives and their political associates. It is in the interests of everyone, and also everyone's responsibility, to recognise that net zero is failing—and the consequences of that failure will be borne by everyone.

To avoid climate catastrophe, we need to move away from rewarding performative inaction toward a new ecosystem of climate policies and regulation, governed by an overarching

[200] Mazengarb (2022) *"Australia is falling behind:" Clean energy investment shackled by outdated rules*, https://reneweconomy.com.au/australia-is-falling-behind-clean-energy-investment-shackled-by-outdated-rules/

[201] Denniss, Saunders, & Richardson (2021) *Bending the Trend: The role of policy, prices and pamphlets in driving emissions reductions*, https://australiainstitute.org.au/report/bending-the-trend/

[202] Quicke (2022) *Fuelling efficiency: Introducing fuel efficiency standards for the Australian vehicle fleet*, https://australiainstitute.org.au/report/fuelling-efficiency/

[203] Denniss & Saunders (2022) *One tonne of jobs and growth*, https://australiainstitute.org.au/report/one-tonne-of-jobs-and-growth/

[204] Merzian, Verschuer, Parrott (2022) *COP29 in Australia: How hosting an international climate conference could revive Australia's regional and global reputation*, https://australiainstitute.org.au/report/cop29-in-australia/

mandate of integrity and transparency, that rewards absolute reductions in emissions—and exposes obfuscation.

Appendix

Woodside Energy and net zero

Woodside Energy is an Australian oil and gas company. It is one of the world's largest energy companies and was responsible for five per cent of the world's total Liquefied Natural Gas (LNG) supply in 2021.[205] [206]

Woodside has a history of opposing climate policy and engaging in questionable conduct on a number of fronts. [207] The company's prolonged and aggressive lobbying has been credited with the Western Australian Environmental Protection Authority abandoning guidelines designed to offer enhanced environmental protection. [208] [209]

Woodside has exploration, development and operating activities in Australia and a number of international regions. It also has ambitious plans for expansion through its Scarborough gas field and North West Shelf expansion. The expected direct emissions from these developments are estimated to be 133 million tonnes and 385 million tonnes of CO_2-e, respectively, over the lives of the projects. [210] [211] When the indirect emissions from the projects are factored in, total emissions are estimated to be 1.6 billion tonnes and 4.3 billion tonnes of CO_2-e respectively. The North West Shelf expansion would be one of Australia's most polluting projects and would produce gas until 2070.

[205] Lannin, Weber (2021) *BHP and Woodside Petroleum merger to create a global oil and gas giant in $40 billion mega deal*, https://www.abc.net.au/news/2021-08-17/bhp-woodside-merger-oil-energy-company/100385084

[206] Woodside Energy (2022) *Operations*, https://www.woodside.com/what-we-do/operations

[207] Kehoe (2022) *Gas, money and spies: Time running out for Timor-Woodside deal*, https://www.afr.com/companies/energy/gas-money-and-spies-time-running-out-for-timor-woodside-deal-20220808-p5b85o

[208] Thompson (2019) *Oil and gas lobby returns fire to WA's EPA on emissions claims*, https://www.afr.com/companies/energy/oil-and-gas-lobby-returns-fire-to-wa-s-epa-on-emissions-claims-20190613-p51xi7

[209] Latimer, Hastie (2019) *'Brain explosion': Woodside, Canavan pile on WA government to dump EPA guidelines*, https://www.smh.com.au/business/the-economy/brain-explosion-woodside-canavan-pile-on-wa-government-to-dump-epa-guidelines-20190313-p513r9.html

[210] Conservation Council of Western Australia, The Australia Institute (2021) *Why the Scarborough LNG development cannot proceed*, https://australiainstitute.org.au/report/why-the-scarborough-lng-development-cannot-proceed/

[211] Western Australia Environmental Protection Authority (2022) *EPA Report 1727 – North West Shelf Extension Project – assessment report*, https://www.epa.wa.gov.au/proposals/north-west-shelf-project-extension

Despite all this, Woodside's 2020 Net Zero Strategy states, "We support the Paris Agreement, and our natural gas can help reduce global emissions. We aim to be net zero by 2050, and we're challenging ourselves to do better in how we operate today's projects and develop tomorrow's opportunities." [212]

Woodside is effectively claiming that it will be able to meet its net zero target while also increasing emissions.

The details of Woodside's net zero plan are outlined on Woodside's website. [213] The company's "aspiration of net zero by 2050 or sooner" is accompanied by interim targets including a 15 per cent reduction in net equity scope 1 and 2 emissions by 2025 and a 30 per cent reduction in net equity scope 1 and 2 emissions by 2030. There are no targets for scope 3 emissions – by far the company's biggest source of emissions (90 per cent of emissions) [214] – beyond a commitment to invest US$5 billion in "new energy products and lower-carbon services by 2030".

At face value, Woodside's climate targets are not straightforward. They become even less so when one reads the conditions written in a small font at the bottom of their website:

> Target is for net equity Scope 1 and 2 greenhouse gas emissions, relative to a starting base of the gross annual average equity Scope 1 and 2 greenhouse gas emissions over 2016-2020 and may be adjusted (up or down) for potential equity changes in producing or sanctioned assets with an FID prior to 2021. Post-completion of the Woodside and BHP petroleum merger (which remains subject to conditions including regulatory approvals), the starting base will be adjusted for the then combined Woodside and BHP petroleum portfolio.

This paragraph alone illustrates how impenetrable corporate climate targets can be. Effectively Woodside is saying it will be *partly* net zero for *some* of its emissions. While the conclusions of climate scientists are simple—the world needs to rapidly reduce the actual amount of greenhouse gasses being released into the atmosphere—the accounting frameworks used by large polluters are largely incomprehensible. The clearest message such commitments convey is that large polluters like Woodside that have committed to net zero reserve the right to increase their actual greenhouse gas emissions and change the baselines against which their 'reductions' are measured.

[212] Woodside (2020) *Better is a lower-carbon future*, https://www.woodside.com.au/docs/default-source/sustainability-documents/climate-change/part-of-a-lower-carbon-future-(november-2020).pdf

[213] Woodside Energy (2022) *Climate Policy (February 2022)*, https://www.woodside.com/sustainability/climate-change

[214] Australasian Centre for Corporate Responsibility (2022) *Woodside Petroleum Ltd: Assessment of 2021 Climate Report*, https://www.accr.org.au/research/woodside-petroleum-ltd-assessment-of-2021-climate-report/

Accounting only for the operational "net equity share" emissions means that Woodside only counts the scope 1 and 2 emissions for the percentage share of the project it claims it officially owns. Despite being the legal operator—and thus technically liable—for projects such as Pluto and North West Shelf LNG, Woodside takes no responsibility for the operational emissions for the rest of the projects. However, the converse is not necessarily true. Many of Woodside's investment partners do not accept responsibility for their equity portion of Woodside's emissions, as they are not legally responsible for this pollution. This leaves the majority of Woodside's emissions unaccounted for.

A report by the Conservation Council of Western Australia and the Australia Institute found that if the total operational emissions for which Woodside is responsible as the legal operator were counted instead of equity share emissions, the 15 per cent reduction by 2025 and 30 per cent reduction by 2030 targets would be significantly lower. [215]

Woodside's plan for reducing emissions is through the deployment of undefined "lower-emission technologies", increased efficiency, and the use of offsets. Investments in "new energy products and lower carbon services" for customers are intended to reduce the emissions that result from Woodside's products. [216] These technologies are listed as hydrogen, ammonia, solar and carbon capture and storage; however it is unclear exactly how and by how much they would reduce absolute emissions, especially if a majority of the hydrogen is fossil-fuel derived.[217] Carbon capture and storage (CCS) requires high energy input and involves significant greenhouse gas leakage. Projected levels of CCS are also highly optimistic and rarely achieved, and the process is also commonly used for enhanced oil recovery (often referred to as carbon capture, use and storage or CCUS), resulting in even more emissions.[218]

Although Woodside's climate plans are dominated by reliance on carbon offsets, the company does not disclose the quantities of offsets it retires. The company itself concedes that "there are important conditions on the use of offsets, such as the emissions reduction hierarchy that prioritises avoiding and reducing emissions before offsetting them"[219] despite using offsets as a justification for entirely new projects.

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[215] Conservation Council of Western Australia, The Australia Institute (2021) *Why the Scarborough LNG development cannot proceed*, https://australiainstitute.org.au/report/why-the-scarborough-lng-development-cannot-proceed/

[216] Woodside Energy (2022) *Climate Policy (February 2022)*, https://www.woodside.com/sustainability/climate-change

[217] Ogge (2022) *Brown Coal, Greenwash*, https://australiainstitute.org.au/report/brown-coal-greenwash/

[218] Longden, Beck, Jotzo, Andrews, Prasad (2021) *'Clean' hydrogen? – Comparing the emissions and costs of fossil fuel versus renewable electricity based hydrogen*, https://crawford.anu.edu.au/publication/ccep-working-paper/18648/clean-hydrogen-analysis-emissions-and-costs-fossil-fuel-based

[219] Woodside (2022) Submission to the Climate Change Authority review of international offsets, https://www.climatechangeauthority.gov.au/consultations/previous-consultations/review-international-offsets

While Woodside also plans to make its operations more efficient, it also plans to expand their scale—something that may well still lead to an overall rise in emissions. Given its current operations and planned expansions, Woodside will be relying heavily on offsets to make up for continued emissions and growth.

The exact pathway for Woodside to reach its net zero and interim targets is left undescribed in its strategy documents and reports. Woodside has effectively defined—or not defined—net zero to serve its existing business model.

Telstra and net zero

Telstra is a major Australian telecommunications company. It has recently entered the energy market as an energy retailer.[220]

Telstra has committed to an absolute reduction in its scope 1, 2 and 3 emissions by over 50 per cent by 2030. It has also committed to 'enabling' renewable energy generation equivalent to 100 per cent of [its own] consumption by 2025 through underwriting renewable energy projects.[221]

Telstra claims to have already achieved net zero for some the company's emissions by implementing energy efficiency measures and offsetting. However, it is important to note that it is meaningless for companies to claim to be 'net zero' for *part* of their operations as some parts of some operations may have low, zero or negative emissions in the first place.

Telstra also launched a retail fossil gas and electricity product in 2022, which is not mentioned in the company's 2022 sustainability report. [222] [223]

Telstra makes voluntary, comprehensive reports on the sources of its emissions, which means that, unlike in the case of many corporate net zero claims, it was relatively easy to ascertain that the company's total emissions for 2022 were close to 3 million tonnes of CO_2-e. There is some ambiguity in the ways in which the company accounts for its scope 3 emissions, with some being counted in the company's 'carbon neutral organisation' claim and others omitted.

Telstra relies heavily on carbon offsets to underpin its progress claims. The company claims to have purchased 6.22 million carbon offsets over the last three years, predominantly from

[220] Wrigley (2021) *Telstra Energy: Say watt? Telco giant set to dial into energy*, https://www.canstarblue.com.au/electricity/telstra-energy-launch-2021/

[221] Telstra (n.d.) *Environmental action*, https://www.telstra.com.au/aboutus/community-environment/environment

[222] Telstra (n.d.) *Telstra Energy*, https://www.telstra.com.au/electricity-and-gas

[223] Telstra (2022) *Bigger Picture: 2022 Sustainability Report*, https://exchange.telstra.com.au/sustainability-2022/

international projects (the integrity of which is discussed briefly earlier in this report).[224] [225] In 2020, Telstra purchased 2 million offsets as part of its carbon neutral claim. Most of these were from cheaper international projects despite the company claiming they are "focused on investments in First Nations led projects in savannah burning, as well as reforestation projects with biodiversity outcomes". In fact, in 2020 the company only purchased 11,000 of these credits, accounting for a minority of their offset portfolio that year.[226]

Telstra has made progress on reducing absolute emissions, but what is striking is the efforts that the company makes to inflate its climate ambition, particularly through offsetting and natural carbon sinks. Significant marketing has gone into Telstra's announcement that it will be trialling a tree-planting project that is expected to store only around 160,000 tonnes of carbon dioxide over the next 25 years.[227] Telstra has also recently released a report emphasising the ways in which it ''enables"emissions reductions, claiming to have enabled customers using Telstra's digital technologies to avoid 2.4 tonnes of CO_2-e for every 1 tonne the organisation emitted in Australia. We have not assessed the specific credibility of this figure, but we exercise caution in regard to corporate claims that may deflect from the achievements of the organisation itself.[228]

Telstra has also joined the "Race to Zero" UN 1.5°C pledge commitment.[229] Race to Zero is an initiative requiring specific actions by its signatories, including 'leadership practices'. Such practices are listed as prioritising reducing emissions and a clear outline of how the 'neutralisation' through offsets must transition to permanent removals by the time Net Zero is achieved. The purchase of carbon credits, or investment in natural sinks without using them to make a carbon neutralisation claim is also encouraged.[230]

[224] Telstra (2022) *Bigger Picture: 2022 Sustainability Report*, https://exchange.telstra.com.au/sustainability-2022/

[225] A purchase of 6.2 million offsets over the last three years averages around two million tonnes of offsets a year – if the company were reducing its emissions significantly this number should drop each year even in this short timeframe.

[226] Climate Active (2020) *Public Disclosure Statement: Telstra Corporation Limited – Organisation Certification CY2020*, https://www.climateactive.org.au/buy-climate-active/certified-members/telstra

[227] Telstra (2022) *E-I-E-I-O: Why we're creating a forest using experimental tech*, https://exchange.telstra.com.au/why-were-creating-a-forest-using-experimental-tech/

[228] Deloitte Access Economics (2022) *Enabling positive climate action: The impact of Telstra's digital technologies*, https://exchange.telstra.com.au/how-were-using-tech-to-help-customers-reduce-emissions-and-meet-australias-climate-goals/

[229] United Nations (n.d.) *Who's in Race to Zero?* https://newsroom.unfccc.int/climate-action/race-to-zero/who-s-in-race-to-zero

[230] UNFCCC (n.d.) *Minimum criteria required for participation in the Race to Zero campaign: Starting Line and Leadership Practices 2.0 - In force from 1 June 2021*, https://unfccc.int/climate-action/race-to-zero-campaign#eq-3

Telstra has publicly committed to reducing their emissions on an absolute basis, and "leading by example", holding themselves "accountable" for meeting their targets and contributing to the broader discussion on climate. [231] In an assessment of Telstra's engagement with government on climate, InfluenceMap has noted "Telstra appears to be reluctant to engage with climate-related policy regulations beyond its internal climate targets". Indicating that the company may not be as willing to lead or contribute to the broader discussion on climate as it suggests, particularly if doing so may threaten its profitability. [232]

Telstra Energy, Telstra's energy retail brand, has been granted approval to sell fossil gas, renewable electricity, and fossil fuel electricity to customers in Victoria (with Victoria's Essential Services Commission indicating it would be paying close attention to Telstra's operations given its "extensive history of non-compliance in the telecommunications sector").[233] Telstra intends to expand its retail energy offering to New South Wales, South Australia and South East Queensland, offsetting the emissions from all its products.[234]

For consumers, offsetting and claims of carbon neutrality may make it harder for customers to distinguish between a 100% renewable retailer and a gas and coal electricity retailer using offsets.

It is difficult to see how expanding into energy retailing is reconcilable with being a company that is "passionate about tackling climate change now and in the future". Even if Telstra's expectation is that Australia's electricity grid eventually decarbonises, meaning that it would then sell only renewable energy to its customers, the company appears to be prepared to allow significant emissions in the meantime. [235] The risk is that Telstra's carbon neutral and net zero commitments may continue to rely on offsets rather than reducing real emissions at present and in the near future.

Ampol and net zero

Ampol is an Australian petroleum company. It has two business divisions, one of which imports crude oil and refined fossil fuel products from the global market to Australia and New Zealand. Oil is refined at Ampol's refinery in Lytton, Queensland into petrol, biofuel,

[231] Climate Active (2021) *Public Disclosure Statement: Telstra Energy (Retail) Pty Ltd – Product Certifications FY2021-22 (projected)*, https://www.climateactive.org.au/buy-climate-active/certified-members/telstra

[232] InfluenceMap (2021) *Telstra*, https://lobbymap.org/company/TELSTRA-862779ee786d0b73ccb34200b4b7b59f

[233] Essential Services Commissions (2021) *Telstra Energy must provide special protections for consumers as part of Victorian energy licences*, https://www.esc.vic.gov.au/media-centre/telstra-energy-must-provide-special-protections-consumers-part-victorian-energy-licences

[234] Telstra (n.d.) *Telstra Energy*, https://www.telstra.com.au/electricity-and-gas

[235] Telstra (n.d.) *Telstra Energy*, https://www.telstra.com.au/electricity-and-gas

diesel, jet fuel and other specialty products such as liquid petroleum gas (LPG). Fuels are then distributed to wholesale customers. Last year Ampol sold 20.1 billion litres of fuel.

The other side of the business is Ampol's convenience retail division. This division has a network of 1,881 service stations (with 684 retail sites being Ampol-controlled) selling fuel, automotive products, groceries, fast foods and other goods.

As a member of the Climate Leaders Coalition, "a group of cross-sectoral Australian corporate CEOs supporting the Paris Agreement commitments and setting public decarbonisation targets"[236], Ampol clearly recognises the need to be *seen* to be acting on climate:

> As business leaders we must step up and be part of the solution to climate change. This will ensure future generations have the opportunities we have had and more. I want to look back and be proud that I was part of a generation that transformed the world into a better place with a sustainable future, rather than one that acted too late and too slowly to make a real difference.[237]

However, the company's stated ambition is not matched with actions to achieve it. Ampol leans heavily on its 'net zero' target and 'carbon neutral' claims but provides no evidence on how the vast majority of its emissions will be managed.

Ampol has a net zero target across its operations by 2040 and targets to reduce operational emissions in the interim. This will be done by reducing the intensity of emissions for 2025 and 2030, via reducing emissions intensity in the fuels and infrastructure division and reducing absolute emissions in the convenience retail division. Ampol claims to have started taking action to reduce operational emissions with the installation of solar and batteries at retail outlets. [238]

In 2021 Ampol's operational emissions were around 1 million tonnes CO_2-e: two per cent of the company's total emissions. This means the net zero target does not cover 98 per cent of its emissions. Ampol's total emissions in 2021—including operational emissions, emissions from fuel distribution and combustion of its products—were 54 MT CO_2e. [239]

[236] Climate Leaders Coalition (n.d.) *Climate Leaders Coalition* , https://www.climateleaders.org.au/

[237] Ampol (2021) *Ampol Welcomes Release of Climate Leaders Coalition's Roadmap to 2030*, https://www.ampol.com.au/about-ampol/news-and-media/climate-roadmap

[238] Carbon Market Institute (2022) *Webinar: Corporate Transition – Drivers, Strategies, carbon market & renewable energy approaches*, https://carbonmarketinstitute.org/2022/09/02/september-2-webinar-corporate-transition-drivers-strategies-carbon-market-renewable-energy-approaches/

[239] Ampol (2021) *Future Energy and Decarbonisation Strategy*, https://www.ampol.com.au/about-ampol/sustainability/future-energy

Despite the vast majority of Ampol's emissions coming from the combustion of its fossil fuel products, Ampol has no climate target for its scope 3 emissions. Instead, it has 'goals' which it claims will reduce emissions from its products. These include:

- Helping customers to reduce their emissions from using Ampol's products by offering 'carbon neutral' fuel to customers and rolling out EV charging stations;
- Increasing investments in lower-carbon energy by investing in future energy and decarbonisation, and staffing a multidisciplinary "Future Energy" team; and
- Collaborating with supply chains to set net zero goals.

It is entirely unclear how these measures will result in significant emissions reductions. Ampol's use of offsets and 'carbon neutral' petrol and diesel is discussed earlier in this report.

Ampol also has plans to transition its entire business from a 'traditional' fuel company[240] to a "Future Energy" provider. However, somewhat contradictorily, the company also claims that "the energy transition for the transport sector is likely to be slower in Australia compared to some other countries" and that "analysis shows customer demand for transport fuels remaining robust until at least 2030". [241]

Ampol appears to be suggesting that it will still be relying on fossil fuels in its business model for the next eight years at least even though the International Energy Agency has a 1.5°C pathway requiring no sales of petrol and diesel cars by 2023.[242] Ampol also suggests that fossil jet fuel demand will remain robust post-2040 and that "substitution with sustainable aviation fuel and technology changes are only likely to be material after this period".[243]

To achieve its transition to a future energy provider Ampol plans to move into the electricity market (having already applied for licences to retail electricity and gas), create hydrogen "solutions", and develop "new products and offerings" such as gas and biofuels. [244] Ampol has allocated a minimum of $100m capital expenditure through to 2025 to support the

[240] Carbon Market Institute (2022) *Webinar: Corporate Transition – Drivers, Strategies, carbon market & renewable energy approaches*, https://carbonmarketinstitute.org/2022/09/02/september-2-webinar-corporate-transition-drivers-strategies-carbon-market-renewable-energy-approaches/

[241] Ampol (2021) *Ampol launches future energy and decarbonisation strategy, including commitment to reach operational net zero emissions by 2040*, https://www.listcorp.com/asx/ald/ampol-limited/news/ampol-launches-future-energy-and-decarbonisation-strategy-2543504.html

[242] International Energy Agency (2022) *Fossil-fuel cars ban from 2030*, https://www.iea.org/policies/14451-fossil-fuel-cars-ban-from-2030

[243] Ampol (2021) *Ampol launches future energy and decarbonisation strategy, including commitment to reach operational net zero emissions by 2040*, https://www.listcorp.com/asx/ald/ampol-limited/news/ampol-launches-future-energy-and-decarbonisation-strategy-2543504.html

[244] Parkinson (2022) *Ampol reveals strategy and team to lead its push into energy retailing,* https://reneweconomy.com.au/ampol-reveals-strategy-and-team-to-lead-its-push-into-energy-retailing/

development of its future energy solutions. The company has received partial funding from the Australian Renewable Energy Agency (ARENA) to establish a network of fast electric vehicle charging stations. Even with supplementary government support, $100 million would appear to be inadequate (even in the short term) for the transition Ampol claims it will achieve.

In 2021 Ampol's replacement cost of sales (RCOP) earnings before interest and tax (EBIT) (Ampol's preferred reporting metric) for its fuels and infrastructure division was $417.6 million, an increase of 170 per cent on the prior year (thanks largely to the global energy crisis). Its retail division delivered a RCOP EBIT of $253.7 million, a decline on the previous year.

Throughout 2022 fuel and infrastructure income have continued to rise while the convenience arm declined slightly further.[245] While Ampol's income from its refinery and fossil fuels has been somewhat precarious over the last several years, if a majority of Ampol's income is coming from its fossil fuel products and this income continues to be strong, then it is unclear where the incentive to decarbonise lies.

[245] Ampol (2022) *2022 Half Year Results Presentation*, https://www.ampol.com.au/about-ampol/investor-centre/asx-announcements

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Climate Active trademarks- carbon neutral claims

1. We act for the Australia Institute. The Australia Institute is one of the country's most influential non-partisan public policy think tanks that focuses on high impact research to drive public debate and secure policy outcomes that are better for Australia. In October 2022 they published a report on "State sponsored greenwashing" exploring misleading claims about net zero and emissions reduction.[1]

2. We are writing on their behalf to ask that you investigate whether the Climate Active trademark program and its carbon neutral claims including its use by companies involved in the program, is misleading or deceptive under the Australian Consumer Law. We are highlighting this given the ACCC Compliance and Enforcement Priorities for 2022-2023 include "consumer and fair-trading issues in relation to environmental claims and sustainability". We note the ACCC Chair Gina Cass-Gottleib recently in her speech to the National Consumer Congress stated: "This priority is aimed at addressing concerns that businesses are falsely promoting environmental or green credentials to unfairly capitalise on increasing consumer demand for products or services with these benefits" and "Businesses making false or misleading claims betrays consumer trust and creates an unfair advantage for those businesses doing the wrong thing."[2]

3. We also understand that the ACCC has a role in certifying trademarks. We do not believe that the Climate Active trademark has been certified at all, and this situation should be reviewed as we believe it is a certifying mark.

Summary of concerns

4. The Australia Institute is particularly concerned that the Climate Active trademark in many cases provides potentially misleading or deceptive representations about a company's carbon

[1] https://australiainstitute.org.au/wp-content/uploads/2022/10/State-sponsored-Greenwash-WEB.pdf
[2] https://www.accc.gov.au/speech/accc-product-safety-priorities-announced-at-national-consumer-congress

neutral status. In particular, the Climate Active website makes a series of representations about its program (**Annexure A**):

(i) "Climate active is a unique Government backed program that enables businesses, government and the community to reduce carbon emissions[3];

(ii) "Climate Active certification sends a clear signal that your business is serious about addressing climate change and is committed to sustainability, innovation and industry leadership".[4]

(iii) "The [Climate Active trade mark provides at a glance proof to clients and stakeholders that a business is committed to credible, low emissions operations"[5] and "helps the community take action by making it easier to identify and choose brands that are making a real difference";[6]

(iv) "Climate Active certifies businesses and organisations that have proven that they are measuring, reducing and offsetting their emissions, with a net result of zero emissions. By supporting these organisations you are casting your vote for a better environment".[7]

(v) Climate Active endorses businesses who "have offset their emissions as being "climate active" and having gone beyond standard practice and set themselves apart as climate champions". "Our carbon neutral certification is one of the most rigorous in the world".[8]

(vi) At one point Climate Active was endorsing the program as having been "recognised by the European Union Commission and the World Bank as a mature and effective model to help businesses and incentivise emission reductions." Climate Active has been unable to verify this claim and subsequently removed it from the website, but it was on the website at launch. [9]

5. These representations convey the imputation that the Climate Action program endorsement means a company:

(i) has certified its organisation or product by Climate Active as reducing its carbon emissions as far as possible and is more than just carbon neutral;

(ii) is a credible low emissions operation from whom the public should purchase products or services; and

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[3] See website at https://www.climateactive.org.au/what-climate-active
[4] See website at https://www.climateactive.org.au/be-climate-active/why-be-climate-active
[5] https://www.climateactive.org.au/sites/default/files/2022-07/climate-active-carbon-neutral-standard-organisations.pdf
[6] https://www.climateactive.org.au/what-climate-active/about-us
[7] https://www.climateactive.org.au/whos-climate-active
[8] https://www.climateactive.org.au/what-climate-active/about-us
[9] https://web.archive.org/web/20200229083633/https:/www.climateactive.org.au/what-climate-active/about-us

(iii) is going beyond standard practice for reducing emissions and is setting itself apart from other companies.

6. The above representations are potentially misleading for the following reasons:

(i) The trademarks used in relation to “carbon neutral organisations” do not always require a company to significantly reduce its emissions, and in fact allow it to offset the emissions generated in its operations instead, in most cases by using offsets that may not in fact reduce emissions (**Claim 1**)

(ii) “Carbon neutral organisations” can be contributing to emissions in their operations or through their products or services, which is confusing and unclear to consumers who would assume the trademarks certifies that the entire business (including products, services, and investments) is reducing emissions (**Claim 2**).

(iii) “Carbon neutral products” are often not reducing a company’s emissions but merely paying for offsets for its emissions. The process for certification under Climate Active is therefore not best practice and in accordance with best available science, the Paris Agreement or recent UN guidance on greenwashing and net zero (**Claim 3**).

(iv) The Climate Active trademarks themselves do not make clear the details of how the program works or disclaimers in relation to the claims made. For example, “carbon neutral products" allow an organisation to claim carbon neutrality for a small proportion of their emissions and represent themselves as 'climate active’, but may in fact be significantly increasing the emissions across other areas of operations and product development, or not including scope 3 emissions (**Claim 4**).

Law on Misleading and deceptive conduct

7. Section 18 of the *Australian Consumer Law* states:

> *A person must not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive.*

8. The representations are likely to also raise concerns about potential breaches of s29 and 33 of the ACL. Section 29 states:

> *(1) A person must not, in trade or commerce, in connection with the supply or possible supply of goods or services or in connection with the promotion by any means of the supply or use of goods or services:*
>
> *(b) make a false or misleading representation that services are of a particular standard, quality, value or grade;*
>
> *(h) make a false or misleading representation that the person making the representation has a sponsorship, approval or affiliation.*

9. Section 33 of the ACL may also be relevant in that:

A person must not, in trade or commerce, engage in conduct that is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose or the quantity of any goods.''

10. The ACCC in its guide "Green marketing and the Australian Consumer Law" (2011) discussed the term "carbon neutral". In particular it highlighted the need to consider the whole life of a product when making a claim about carbon neutrality. It stated: "Claiming that your product is carbon neutral if it only applies to the carbon produced in the manufacture of the product- and not its actual use and operation- may risk misleading consumers that the product is carbon neutral for its entire lifecycle".[10] We have set out below, where the Climate Active program allows for partial assessment rather than whole of life cycle analysis. The guide also highlighted issues with use of carbon offsets, and whether trees had already been planted or pledged to be planted. This has also been the subject of enforcement action by the ACCC.[11]

11. The advertisements are misleading because in some cases they provide the general impression that the companies involved are carbon neutral without considering their whole operation because the product may only have a partial assessment or only consider its operations and not the other products they sell. It also provides the impression the companies involved are reducing their emissions and complying with best practice in terms of carbon reductions. In fact the term "Climate Active" itself suggests this and something more than carbon neutral. In our view best practice should be considering reductions in emissions necessary to comply with the Paris Agreement, which we've expanded on below. There are not sufficient qualifications in any of the materials used by the companies certified under the mark, and a consumer would have to understand the details of the Climate Active process through examining in detail their manual to understand its limitations.

Is Climate Active covered by ACL and within trade or commerce?

12. Commonwealth governments (the Crown) are immune from prosecution under the ACL, per the Commonwealth Constitution. However, the Commonwealth government is not necessarily immune if they are 'carrying on a business' either directly or by authority.[12] "Carrying on a business" has been interpreted by the Courts as where it involves profit, repetition in purchases, business transactions such as contracts, advertising and promotion.[13]

13. In order to establish a breach of the relevant sections of the ACL, it is also necessary to show the conduct was in trade or commerce. The legal test as to whether something is in trade or commerce is:

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[10] https://www.accc.gov.au/system/files/Green%20marketing%20and%20the%20ACL.pdf p. 14.

[11] https://www.accc.gov.au/media-release/accc-takes-action-against-gm-holden-ltd-over-saab-green-claims, https://www.accc.gov.au/public-registers/undertakings-registers/section-87b-undertakings-register/v8-supercars-australia-pty-ltd-s87b-undertaking

[12] Section 2A of the *Competition and Consumer Act 2010* (Cth)

[13] *On Call Interpreters & Translators Agency Pty Ltd v Commissioner of Taxation (No 3)* (2011) FCA 336, Ian Ramsay and Mihika Upadhya 'Carrying on a Business in Australia': A Study of Court Judgement' *Australian Business Law Review* (2021) p.3-4

the conduct of a corporation towards persons, be they consumers or not, with whom it … has or may have dealings in the course of those activities or transactions which, of their nature, bear a trading or commercial character. Such conduct includes, of course, promotional activities in relation to, or for the purposes of, the supply of goods or services to actual or potential customers be they identified persons or merely an unidentifiable section of the public …[14]

14. Climate Active is carrying on a business and within trade or commerce. Climate Active is the Australian Government's carbon neutral certification scheme. It is administered by the Department of Climate Change, Energy, the Environment and Water. While the program is run by Government, it is done on a commercial basis, with dedicated staff and runs on a cost recovery basis within Government. Certified businesses pay a licence fee through a licensing agreement to use the Climate Active trademark and to become a member of the Climate Active network.[15] The program competes with other non-government carbon neutral certification schemes such as "Make it carbon neutral".[16]

Examples of how Climate Active carbon neutral claims are misleading

Tokyo gas

15. At the top of the page on the Tokyo Gas website as at August 2022 it states:[17]

[14] *Concrete Constructions (NSW) Pty Ltd v Nelson* (1990) 169 CLR 594 (***Concrete Constructions***), 602 (Mason CJ, Deane, Dawson and Gaudron JJ).
[15] **https://www.climateactive.org.au/sites/default/files/2022-07/climate-active-licence-agreement.pdf**
[16] https://noco2.com.au/noco2-businesscertification/make-it-carbon-neutral-certification/. https://www.southpole.com/sustainability-solutions/climate-neutrality-and-renewable-electricity-labels, https://carbonneutral.com.au/carbon-footprint-assessment/
[17] https://www.tokyo-gas.com.au/ (as at August 2022)

Tokyo Gas Australia has become the first Japanese company in Australia to receive carbon neutral certification for…click here.

If you click on the link, the following page outlines the relevant details/disclaimer that the carbon neutral certification is not for its products but only its offices.[18]

Tokyo Gas Australia has become the first Japanese company in Australia to receive carbon neutral certification for its Australian offices

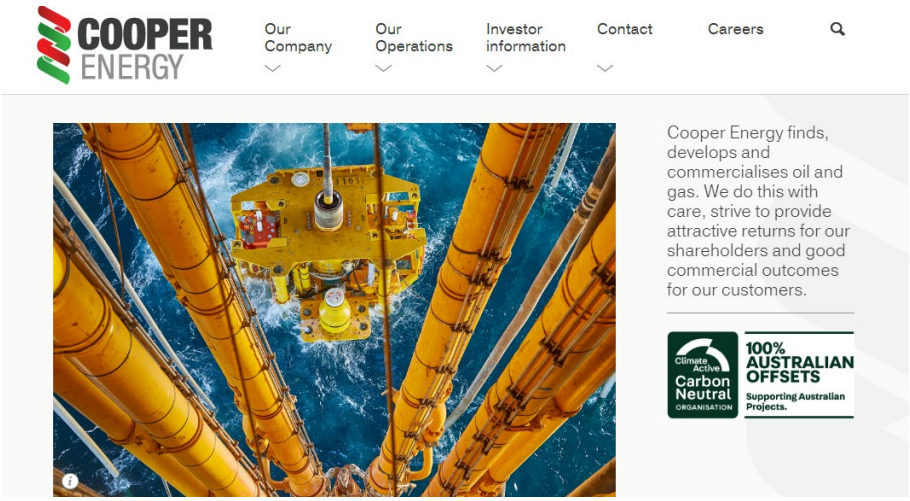
Tokyo Gas is a gas company with investment and participation in a number of fossil fuel projects in Australia, including the Darwin LNG Project, the Pluto LNG Project, the Gorgon LNG Project, the lcthys LNG Project. In direct emissions Ichthys and Gorgon alone emit around 7 million and 9 million tonnes of CO_2-e a year. Pluto currently emits 1.9 million tonnes per year (a figure that will increase to 4.4 million tonnes with the Scarborough development), while the LNG gas plant emits 2.05 million tonnes of CO_2 per annum.[19]. Tokyo Gas' share of these direct emissions is approximately 380,000 tonnes of CO_2-e. To be certified a carbon neutral organisation, Tokyo Gas offset the emissions from running its offices only: 235.7 tonnes of CO_2-e per year.

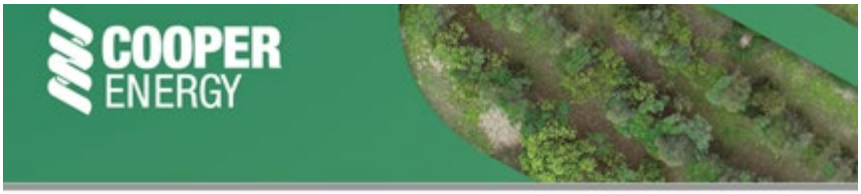
Cooper Energy

16. Cooper Energy is another oil and gas company claiming to be a carbon neutral organisation using the trademark. This is the front page of their website, although it relates again to its use of offsets rather than reduction in emissions from their products.

[18] https://www.tokyo-gas.com.au/carbonneutral.html

[19] NT Environmental Protection Authority (2022) *Ichthys Gas Field Development (INPEX)*, https://ntepa.nt.gov.au/your-business/public-registers/environmental-impact-assessments-register/completed-assessments/register/ichthys-gas-field-development-inpex, Swann (2018) *Gorgon-tuan Problem*, https://australiainstitute.org.au/report/gorgon-tuan-problem/, Conservation Council of Western Australia, The Australia Institute (2021) *Why the Scarborough LNG development cannot proceed*, https://australiainstitute.org.au/report/why-the-scarborough-lng-development-cannot-proceed/ Robert (2021*) Should Santos' Proposed Barossa Gas 'Backfill' for the Darwin LNG Facility Proceed to Development?* https://ieefa.org/resources/should-santos-proposed-barossa-gas-backfill-darwin-lng-facility-proceed-development





NET ZERO

Australia's First Carbon Neutral Domestic Gas Producer

17. In 2020 gas company Cooper Energy announced that it was "Australia's first carbon-neutral domestic gas producer by fully offsetting its FY20 emissions". [20] In practice, this meant offsetting 10,000 tonnes of CO2-e of operational emissions. For context the company's scope 3 emissions for its equity share for the same year were around 537,000 tonnes. [21]

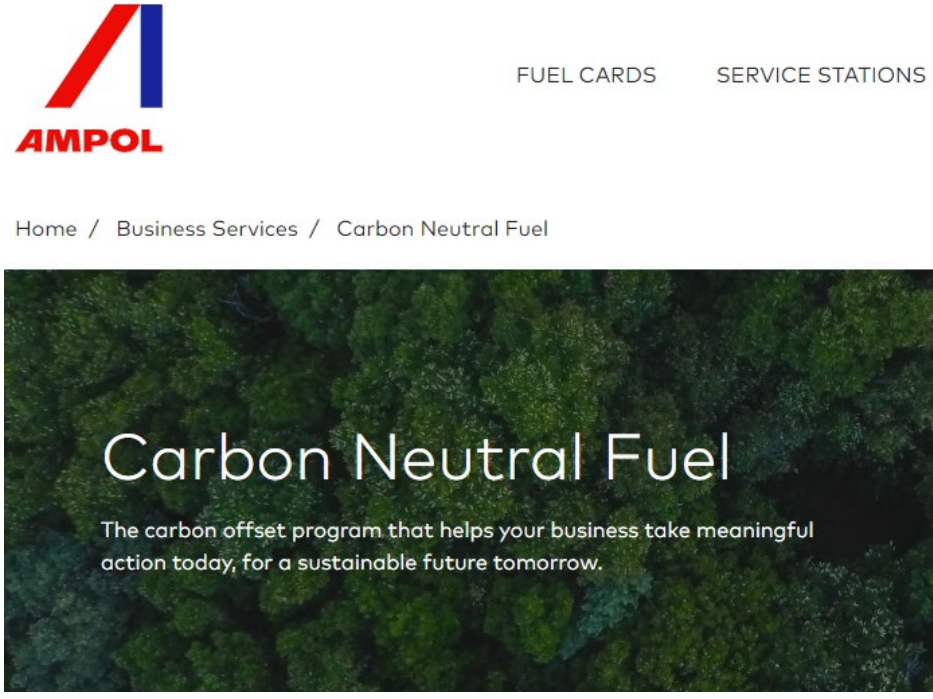
18. Cooper Energy has since certified its gas product (but not its oil product) as carbon neutral under Climate Active on an 'opt-in' basis. This means that the customer chooses whether or not to make the gas they are buying 'carbon neutral' in a similar way to passengers can opt to offset their emissions when booking air travel. Cooper Energy's scope 3 emissions in 2021, including gas and oil, were over 900,000 tonnes of CO2-e. To date the company has not provided any evidence that it has purchased any offsets for its product.

[20] Cooper Energy (2020) *ASX Announcement / Media Release: Cooper Energy to be carbon neutral in 2020,* https://www.cooperenergy.com.au/investor-information/asx-announcements, Cooper Energy (2020) *ASX Announcement / Media Release: Cooper Energy to be carbon neutral in 2020,* https://www.cooperenergy.com.au/investor-information/asx-announcements

[21] Ibid

Ampol

19. Ampol has recently released "Carbon Neutral fuel", as part of the carbon neutral product range by Climate Active. Its website below states: "investing in accredited projects that have a positive environmental and sustainable outcome, we can help neutralise the emissions associated with the lifestyle of our product". The carbon neutral status is not through reductions in the way that Ampol produces its fuel but through offsets alone. Unlike Cooper Energy, Ampol does not refer to 100% use of Australian offsets in its headline claims on its website. For the reasons set out below there are significant issues with the use of offsets to support any carbon neutral claim. As a company Ampol leans heavily on its 'net zero' target and 'carbon neutral' claims but provides no evidence on how the vast majority of its emissions will be managed.



20. Ampol has a net zero target across its operations by 2040 and targets to reduce operational emissions in the interim. This will be done by reducing the intensity of emissions for 2025 and 2030, via reducing emissions intensity in the fuels and infrastructure division and reducing absolute emissions in the convenience retail division. Ampol claims to have started taking action to reduce operational emissions with the installation of solar and batteries at retail outlets.[22]

21. In 2021 Ampol's operational emissions were around 1 million tonnes CO2-e: two per cent of the company's total emissions. This means the net zero target does not cover 98 per cent of its

[22] Carbon Market Institute (2022) *Webinar: Corporate Transition – Drivers, Strategies, carbon market & renewable energy approaches*, https://carbonmarketinstitute.org/2022/09/02/september-2-webinar-corporate-transition-drivers-strategies-carbon-market-renewable-energy-approaches/

emissions. Ampol's total emissions in 2021—including operational emissions, emissions from fuel distribution and combustion of its products—were 54 MT CO2e. [23]

22. Despite the vast majority of Ampol's emissions coming from the combustion of its fossil fuel products, Ampol has no climate target for its scope 3 emissions beyond it's 'opt-in' carbon neutral petrol. The Climate Active certification includes Ampol in its claims that its members "are serious about addressing climate change" and "committed to sustainability, innovation and industry leadership."

Claim 1: The Climate Active trademark does not require companies to reduce emissions

23. The trademarks used in the program in relation to carbon neutral organisations do not require a company to reduce its emissions, and in fact allow it to offset the emissions generated in its operations. For example, the Climate Active website states that certification is based on making a "defensible claim of carbon neutrality by calculating your carbon account or footprint, reducing emissions where possible and offsetting any residual emissions". The website goes onto say:

> *Certified organisations are not penalised if they do not achieve absolute emission reductions every year, but it is expected that reductions are made where it is practical and cost effective to do so. All reductions and planned reductions must be included in a public report and uploaded onto your organisation's website.*[24]

24. Many companies have increased their emissions despite continuing to be Climate Active certified. Telstra for example is a carbon neutral certified organisation but has recently become an energy retailer meaning that its gross emissions have increased.

25. One of the difficulties is the lack of particular standards around what constitutes "carbon neutrality" and what constitutes consistency with the latest science from the Intergovernmental Panel on Climate Change (**IPCC**). The UN High-Level Expert Group on Net Zero Emissions Commitments of Non-State Entities (**UN Expert Group**) has developed clear standards for net-zero emissions pledges by non-State entities – including businesses, investors, cities and regions – and speed up their implementation.[25] The UN Expert Group is very clear on the need to reduce emissions rather than using offsets. This is in recognition of the importance of urgent action, with the earth around 1.1 °C warmer now than it was in the late 1800s as a result of climate change and the highest concentration of greenhouse gases in 2 million years.[26]

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[23] Ampol (2021) *Future Energy and Decarbonisation Strategy*, https://www.ampol.com.au/about-ampol/sustainability/future-energy

[24] https://www.climateactive.org.au/be-climate-active/faqs

[25] https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf

[26] https://www.un.org/en/climatechange/what-is-climate-change

26. The Glasgow Climate Pact expressed alarm that human activities have caused 1.1 °C of global warming to date and that impacts are already being felt in every region. It reaffirmed the resolve to pursue efforts to limit the temperature increase to 1.5 °C, recognising that this would significantly reduce the risks and impacts of climate change. Based on current national climate plans, global warming is projected to reach around 3.2 °C by the end of the century, hence the importance of credible net zero/carbon neutral plans.[27] There are less-clear standards for the term "carbon neutral" than "net zero", although Climate Active claims to be going further that just certifying carbon neutrality by also providing trademarks for a company's reduction in emissions and best practice on climate through its certification program (refer to representations at 4(i) to (v) above).

27. The Science-Based Targets Initiative (SBTi) is a collaboration between the Carbon Disclosure Project, World Resources Institute, WWF and the United Nations Global Compact. The SBTI's goal is to define and promote best practice in "science based" emissions reduction target setting. The SBTi also independently assesses and approves companies' targets as being "in line" with the global emissions reduction targets required to hold temperature increases to 1.5 °C, well below 2 °C, or 2 °C (above pre-industrial levels). The SBTi clearly acknowledges that only 1.5 °C or well below 2 °C targets are "in line" with the aim of the Paris Agreement.[28]

28. To be in line with the aims of the Paris Agreement, SBTi requires emissions reduction targets to be:

> *Anchored in climate science and 1.5°C pathways, the Standard requires companies to make rapid and deep emission cuts, through both near- and long-term science-based targets.*
>
> *A typical SBTi-approved company has been even more ambitious than the 1.5°C trajectory, with a linear rate of 6.4% scope 1+2 reductions a year during the period with approved targets*[29]

In relation to offsets SBTi states that:

> *Offsets are only considered to be an option for companies wanting to finance additional emission reductions beyond their science-based targets or net zero target.*[130]

29. In relation to Climate Active, it is clear from its website that offsets are a key part of its acceptance of carbon neutrality, and there is no mention of science in their emissions reduction process. It states:

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[27] https://www.un.org/en/climatechange/what-is-climate-change

[28] SBTI "What are "science-based targets"? https://sciencebasedtargets.org/how-it-works

[29] SBTI, Are science based targets advancing corporate climate action? https://sciencebasedtargets.org/news/understand-science-based-targets-methods-climate-action#:~:text=A%20new%20progress%20report%20from,pathways%20derived%20from%20climate%20scenarios.

[30] SBTI, Does SBTi accept all approaches to reducing emissions? https://sciencebasedtargets.org/faqs#does-the-sbti-accept-all-approaches-to-reducing-emissions

Offset units are used to compensate for emissions a business produces and to bring their carbon footprint down to net zero. Offset units are generated by projects that reduce, remove or capture emissions from the atmosphere such as reforestation, renewable energy or energy efficiency.

30. Another concern is the lack of ongoing and rigorous assessment of programs that form the basis of a company's certification. A company is certified through third party assessment prior to using the trademark, and there is an assessment of programs that are the basis of the certification every three years.[31] The website acknowledges reductions should be practical and where cost effective to do so, giving participants significant leeway. Businesses can also choose their emission boundaries within their operational emissions, potentially leaving out things they don't feel are material to their carbon footprint or excluding matters like scope 3 emissions. All of this suggests the use of the trademark is more of a marketing exercise than a regularly audited program with defined rules consistent with the latest climate science.

Claim 2: "Carbon neutral organisations" may contribute to emissions in their operations, products or services

31. "Carbon neutral organisations" can be contributing to emissions in their operations or through their products or services. This is confusing to consumers. Most would assume that carbon neutrality applies to a company's whole organisation including its products. This is the most popular type of certification by Climate Active. In reality most of the emissions reductions are achieved through companies purchasing green energy and making some minor changes to their offices, with offsets being used for the remaining emissions.

32. This is contrast to the latest science which suggests that offsets should only be used for emissions you cannot abate using renewables. In the case of most certified companies, their emissions come from the manufacturing of their product rather than their buildings/office block. Examples of carbon neutral organisations include HESTA, Aesop, Swisse vitamins and Telstra, but none of their corresponding products are certified as carbon neutral products or services. Telstra, meanwhile, was certified as a carbon neutral organisation in 2020, having offset around 2 million tonnes of operational emissions. Again, the certification excludes some of Telstra's products, despite the company acknowledging that scope 3 emissions account for around 70 per cent of its total emissions. [32]Telstra is also now providing energy retailing services on a "certified carbon neutral basis" which would be adding to that total of scope 3 emissions.[33]

33. Carbon neutral organisations are particularly misleading in relation to the fossil fuel industry and electricity companies. To date, no certified fossil fuel company has credibly demonstrated

[31] https://www.climateactive.org.au/sites/default/files/2022-07/climate-active-licence-agreement.pdf, See Validation Schedule
[32] Carbon Disclosure Project (n.d.) *Telstra: Building smart modems and a sustainable supply chain*, https://www.cdp.net/en/articles/companies/telstra-building-smart-modems-and-a-sustainable-supply-chain
[33] https://www.telstra.com.au/energy

alignment with the pathways to limit global warming to 1.5°C, as set out in the Paris Agreement, and in keeping with the global carbon budget.[34]

34. As indicated above, fossil fuel companies such as Tokyo Gas have only been certified as carbon neutral organisations, although it is less than clear from its main website that this only applies to their offices, which only emits around 235.7 tonnes of CO2. By contrast, Tokyo Gas has a 1% interest in the Gorgon LNG gas project whose gas plant alone emits around 6 million tonnes of CO2 per year.[35] Certification of "carbon neutral" through a company offsetting its emissions is also confusing for consumers. Cooper Energy announced that it was "Australia's first carbon-neutral domestic gas producer" by fully offsetting its scope 1 and 2 FY20 emissions.[36] This was around 10,000 tonnes of CO2. The emissions from Cooper Energy in 2021 were over 900,000 tonnes of CO2 when including its scope 3 emissions from its gas and oil operations. It has since claimed to offset its gas products (but not oil products) on an "opt in" basis (ie the customer chooses whether to make the gas purchase carbon neutral or not).[37] Leigh Creek (now known as NeuRizer) has also been certified based on the offset of its business operations some 8,500 tonnes of CO2.[38] The 1 million tonne of urea produced by their project has a carbon footprint of about 700,000 tonnes of CO2 emissions.

35. AGL, Energy Australia, and Ampol all claim to have carbon neutral Climate Active products. None of the companies have credible plans to phase out their fossil fuel use and reduce their emissions. In most cases they are merely offsetting their emissions, which the UN expert group has said is not a credible basis for a net zero plan. Another example of Climate Active "carbon neutral" certification is out-of-home advertising. JC Decaux became the first media company to claim to provide carbon neutral advertising on transit products.[39] The only difficulty is that the claim regarding transit products is based on offsets and does not include the whole of life cycle impact of the buses it uses for its advertising, that are not yet carbon neutral.

[34] Santos Ltd is currently the subject of proceedings brought by Australasian Centre for Corporate Responsibility in Federal Court in relation to its net zero by 2040 claim being misleading and Woodside Petroleum Ltd recently had almost 48% of its shareholders reject its Climate Change Plan.
[35] https://www.smh.com.au/business/companies/gas-giant-s-3-2b-effort-to-bury-carbon-pollution-is-failing-20221113-p5bxtw.html
[36] https://cooperenergy.com.au/sustainability/carbon-neutral
[37] https://cooperenergy.com.au/Upload/Documents/AnnouncementsItem/Cooper-Energy-2021-Sustainability-Report.pdf, pg 27
[38] https://neurizer.com.au/our-responsibility/climate-active/
[39] https://mumbrella.com.au/jc-decaux-centres-sustainability-with-carbon-neutral-out-of-home-advertising-720493

Claim 3: "Carbon neutral products" rely on offsets to reduce emissions contrary to best practice

36. "Carbon neutral products" are in most cases not significantly reducing their emissions but merely paying for offsets for their scope 1 and scope 2 emissions. As noted above the Paris Agreement requires immediate action. The IPCC agree that the following immediate steps need to be taken to achieve alignment with the Paris Agreement:

    a. Immediate steps must be taken to decarbonise
    b. Emissions must remain within a carbon budget of holding warming to 1.5 degrees
    c. Cease development of new coal and gas reserves.

    The steps being proposed to align organisations and their products with the Climate Active website are not consistent with this science or these steps, as they do not require decarbonisation, merely some form of reduction or in most cases offsets to evidence "carbon neutrality". In particular, credible transition plans must align with the science and appropriate pathways of how to hold warning to 1.5 degrees.[40]

37. Using offsets also goes against industry guidance, which states that offsets should not be used as an alternative to absolute reductions, but only for residual or unavoidable emissions. This was made clear in the UN Expert Report.[41] As noted above, the Science-based Targets initiative, for instance, under its Net Zero Standard, does not accept the use of offsets to contribute towards near-term emissions reduction targets, with credits only being accepted in relation to the neutralisation of residual emissions or to finance additional climate mitigation beyond

[4040] See https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf, pg 12, 15.
[41] https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf, pg 19.

absolute reduction targets.[42] Similarly, the IGCC states that "over-reliance on offsets and nature-based solutions potentially delays efforts to abate emissions within a company's value chain and may not account for the limited land and space available to host additional tree coverage or overestimates carbon storage potential."[43] The Climate Action 100+ Net Zero Company Benchmark states that "the use of offsetting or carbon credits should be avoided and limited if at all applied" in its scoring methodology for the decarbonisation strategy indicator.[44] A UNEP article summarised this well:

> *If we are serious about averting catastrophic planetary changes, we need to reduce emissions by 45 per cent by 2030. Trees planted today can't grow fast enough to achieve this goal. And carbon offset projects will never be able to curb the emissions growth, while reducing overall emissions, if coal power stations continue to be built and petrol cars continue to be bought, and our growing global population continues to consume as it does today.*[45]

38. The IPCC has specifically said in the Sixth Assessment Report that there are significant risks around use of carbon offset/sinks particularly under scenarios with increasing CO2 emissions:

> *While natural land and ocean carbon sinks are projected to take up, in absolute terms, a progressively larger amount of CO2 under higher compared to lower CO2 emissions scenarios, they become less effective, that is, the proportion of emissions taken up by land and ocean decrease with increasing cumulative CO2 emissions. This is projected to result in a higher proportion of emitted CO2 remaining in the atmosphere (high confidence*).[46]

39. Significant integrity issues have recently been raised with carbon offsets under *Carbon Credits (Carbon Farming Initiative) 2011* (Cth) by a number of independent experts. Research by Professor Andrew Macintosh (former Chair of the Emissions Reduction Fund Integrity Committee), the Australia Institute and a number of other independent researchers and academics suggests that at least 75% of carbon credits (from the three biggest methods) do not meet the legislated criteria and are not resulting in real or additional reductions.[47] The

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[42] SBTI, Does SBTi accept all approaches to reducing emissions? https://sciencebasedtargets.org/faqs#does-the-sbti-accept-all-approaches-to-reducing-emissions

[43] IGCC, Corporate Climate Transition Plans: A guide to investor expectations. https://igcc.org.au/wp-content/uploads/2022/03/IGCC-corporate-transition-plan-investor-expectations.pdf, pg 8

[44] Climate Action 100 +, How does the Benchmark account for the use of offsets or carbon credits? https://www.climateaction100.org/net-zero-company-benchmark/questions/

[45] https://www.unep.org/news-and-stories/story/carbon-offsets-are-not-our-get-out-jail-free-card

[46] IPCC, Sixth Assessment Report, *Climate Change 2021: The Physical Science Basis- https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM.pdf*, pg. 20-8.4.1

[47] https://australiainstitute.org.au/report/questionable-integrity-non-additionality-in-the-emissions-reduction-funds-avoided-deforestation-method/, https://www.theguardian.com/environment/2015/may/01/greg-hunt-660m-spent-reducing-greenhouse-emissions; https://ccep.crawford.anu.edu.au/publication/ccep-working-paper/7618/undermined-adverse-selection-australias-direct-action-abatement

Australian Academy of science validated these concerns.[48] The Chubb Review has also indicated there are issues with the systems in place while not going far enough to fix the issues.[49] Research commissioned by the Clean Energy Regulator itself has revealed significant issues with Human Induced Regeneration – the largest source of carbon offsets in Australia. [50]

40. Internationally there has also been significant scrutiny of the integrity of voluntary offsets markets. Climate Active has a list of offset units that are eligible to be used by climate Active members, including Certified Emissions Reductions (CERs), Voluntary Carbon Standard (VCS – or Verra) and REDD+. Climate Active relies on the self-verification of these frameworks and does not carry out any due diligence itself of these offset programs. The Climate Social Science Network, an international network of scholars undertaking peer reviewed research has also produced some useful guides on carbon offsets. Its position paper on net zero, carbon removal and the limitations of carbon offsetting outlines how offsets might undermine the pursuit of net zero, highlighting mechanisms through which offsetting can delay or even obstruct climate action, in particular the phasing out of fossil fuels.[51] In particularly, there is simply not enough land to meet existing climate pledges.[52]

41. An investigation into the Verra carbon standard used by Disney, Shell and Gucci has been significantly questioned with findings that 90% of rainforests credits are worthless. [53] Verra supply a significant amount of credits in the international carbon offsets market and are used to underpin a number of Climate Active carbon neutral claims. An episode of 4 Corners that aired on 13 February 2023 revealed that carbon credits from Papua New Guinea that are being used by Climate Active Members have questionable integrity and may be generated on land that has been unlawfully obtained. Investigations into the Clean Development Mechanism have demonstrated that Certified Emissions Reduction units are also not resulting in real or additional emissions reductions.[54] These credits are also used by Climate Active members and underpin their carbon neutral status. [55] Telstra has used these credits to offset over 1 million tonnes of CO_2-e—may actually have *increased* emissions as a whole.[56] Telstra has also offset its

[48] https://www.science.org.au/supporting-science/science-policy-and-analysis/reports-and-publications/review-of-four-methods-for-generating-australian-carbon-credits-units,
[49] https://www.dcceew.gov.au/climate-change/emissions-reduction/independent-review-accus, https://reporter.anu.edu.au/all-stories/chubb-review-of-australias-carbon-credit-scheme-falls-short
[50] Macintosh et al. (2022) The ERF's Human-induced Regeneration (HIR): What the Beare and Chambers Report Really Found and https://law.anu.edu.au/research/publications?nid=51424
[51] https://cssn.org/cssn-position-paper-net-zero-carbon-removal-and-the-limitations-of-carbon-offsetting/
[52] https://cssn.org/the-land-gap-report/
[53] https://www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe
[54] Cames, Harthan, Füssler, Lazarus, Lee, Erickson & Spalding-Fecher (2016) *How additional is the Clean Development Mechanism? Analysis of the application of current tools and proposed alternatives*, https://www.oeko.de/en/publications/p-details/how-additional-is-the-clean-development-mechanism-1
[55] https://www.bloomberg.com/news/articles/2022-11-21/junk-carbon-offsets-allow-companies-to-claim-they-re-carbon-neutral?leadSource=uverify%20wall, Climate Home News (2022) Data exclusive: The 'junk' carbon offsets revived by the Glasgow Pact, https://www.climatechangenews.com/2022/06/17/data-exclusive-the-junk-carbon-offsets-revived-by-the-glasgow-pact/
[56] Climate Active (2021) *Public Disclosure Statement: Telstra Energy (Retail) Pty Ltd – Product Certifications FY2021-22 (projected)*, https://www.climateactive.org.au/buy-climate-active/certified-members/telstra

fossil gas and electricity product through the purchase of CDM offsets from an Indian windfarm.[57]

42. Regardless of the legitimacy of the practice of offsetting, Climate Active is not ensuring the credibility of the offsets it endorses. Many Climate Active businesses are making claims to consumers or shareholders that may be misleading.

43. Certification of "carbon neutral" through a company offsetting its emissions is also confusing for consumers. Cooper Energy announced that it was "Australia's first carbon-neutral domestic gas producer" by fully offsetting its scope 1 and 2 FY20 emissions.[58] This was around 10,000 tonnes of CO2. The emissions from Cooper Energy in 2021 were over 900,000 tonnes of CO2 when including its scope 3 emissions from its gas and oil operations[59]. It has since claimed to offset its gas products (but not oil products) on an "opt in" basis (ie the customer chooses whether to make the gas purchase carbon neutral or not).[60] Leigh Creek (now known as NeuRizer) has also been certified based on the offset of its business operations some 8,500 tonnes of CO2.[61] The 1 million tonne of urea produced by their project has a carbon footprint of about 700,000 tonnes of CO2 emissions.

Claim 4: Climate Active trademarks do not provide information on how carbon neutral certification operates

44. As set out above, the Climate Active trademarks themselves are not clear. The main trademarks are as follows:

[57] Calel, Colmer, Dechezleprêtre, Glachant (2021) *Do Carbon Offsets Offset Carbon?* https://www.cesifo.org/en/publikationen/2021/working-paper/do-carbon-offsets-offset-carbon

[58] https://cooperenergy.com.au/sustainability/carbon-neutral

[59] See Annexure B figures in NGER

[60] https://cooperenergy.com.au/Upload/Documents/AnnouncementsItem/Cooper-Energy-2021-Sustainability-Report.pdf, pg 27

[61] https://neurizer.com.au/our-responsibility/climate-active/

- **Organisations** (Certification that the operations of an organisation have resulted in net zero emissions)
- **Products** (Certification that a product being created, used and disposed has resulted in net zero emissions)
- **Services** (Certification that the provision of a service has resulted in net zero emissions)
- **Events** (Certification that the activities associated with running an event have resulted in net zero emissions)
- **Buildings *** (Certification that the operations of a building have resulted in net zero emissions)
- **Precincts** (Certification that the operations of a precinct have resulted in net zero emissions)

45. To some extent the use of the term "carbon neutral" or "resulting in net zero emissions" is misleading in itself. For example, Climate Active recommends a full life cycle analysis for its products certification which would include scope 1, scope 2 and scope 3 emissions. However, it enables companies, with justification, to undertake a partial lifecycle assessment so that the company could claim carbon neutrality for only part of its products' lifecycle. This is misleading and not consistent with the ACCC Green marketing guide because it is unclear from the trademark whether a product has had a full, or only partial lifecycle assessment. Many Court decisions on headline statements or dominant message have found that this type of claim is misleading.[62] In order to determine the basis for certification it is necessary for the

[62] *ACCC v TPG Internet Pty Ltd [2011] FCA 1254* at [43] cited in *Australian Competition and Consumer Commission v TPG Internet Pty Ltd*(2013) 250 CLR 640

consumer to obtain the details of the assessment from the Climate Active website, which will not be clear in any product advertising.

46. A company can gain the “Carbon neutral products" trademark for reducing only a small portion its emissions, and still represent itself as 'climate active’, when in fact, it could be significantly increasing its emissions across other areas of operations and product development. For example, Origin Energy has a some “carbon neutral products” while increasing its emissions across the rest of its business. Even if these individual ‘carbon neutral’ products were legitimately offset, emissions are still increasing from the companies’ broader business operations. In most cases as stated above, the emissions are eliminated by purchasing carbon credits to cancel out the organisation’s emissions. In any event, it is not clear how much of the emissions “reductions” are facilitated through offsets.

47. Climate Active’s website provides assurance that a company has its claim independently verified by an independent third party before certifying an organisation. A member of the public is only likely to see the carbon neutral trademark and not the detail behind the trademark or look up the information on Climate Active’s website, or company’s website. The mark is also not used with any disclaimers.

Impact of the misleading claims by Climate Active-Giving businesses an unfair competitive advantage

48. The Climate Active Guide lists Climate Active certification as a way to “Stand out from competitors”. The Climate Active website states that certification “helps the community take action by making it easier to identify and choose brands that are making a real difference.[63]

49. At the House of Representatives, Standing Committeee on Economics hearing, the Chair of the ACCC said that consumers were unable to validate the truth of what is being put to them in regard to claims of carbon neutrality or carbon offsets. The ACCC has flagged that it is mindful of the business competition and consumer protection aspect of misleading environmental claims as “large proportions of consumers are making purchasing decisions on the basis of the sustainability of products”.

    …where we have businesses genuinely investing what can be substantial investments in order to have a more sustainable production process, or to ensure that the products they're selling do meet the claims that they're making, and where others are being misleading or fraudulent in respect of that, we get an unfair competitive situation. "

    We see that it undermines the activities of companies that genuinely and legitimately invest in improving their processes and in making them more sustainable, in making a swifter transition towards commitments in terms of transition to net zero. We see it not only as undermining

[63] https://www.climateactive.org.au/what-climate-active/about-us

community and consumer trust but also as undermining the capacity of Australian business to move, as the policy commitments oblige, towards the targets.[64]

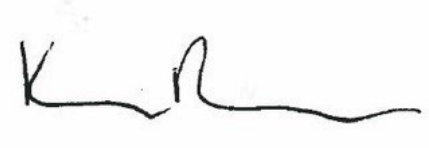
50. The Climate Active certification is promoting carbon neutrality as a superior environmental product to consumers who are looking for low emissions or climate friendly products. Many investors are also requiring companies in whom they invest to demonstrate carbon neutral or net zero pathways.[65] It is also putting businesses who have opted for legitimate decarbonisation pathways or who offer low emissions alternatives to 'carbon neutral' products by implying carbon offsetting is synonymous with reductions. A start up electric vehicle charging business, for example, may be at a disadvantage because consumers believe that Ampol's "carbon neutral petrol" is a direct replacement for electric vehicles, or that Ampol is having the same impact on the climate as an EV charging business.

51. At the Economics Committee hearing the ACCC was asked whether it would be reviewing the position of ''certification' bodies. The ACCC noted the importance of certification bodies having "scientific and rigorous processes behind them". Our client is extremely concerned that there are no scientific or rigorous processes behind the Climate Active certification.

52. If you have any further queries please do not hesitate to contact me by email on kirsty.ruddock@edo.org.au or by phone at (02) 2 7229 0031.

Yours faithfully

Environmental Defenders OfficeManaging Lawyer, Safe Climate - Corporate/Commercial



Kirsty Ruddock
Managing Lawyer
Safe Climate (Corporate and Commercial)

[64] Hearing on 11 October 2022, https://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/ACCCAnnualReport2021/Public_Hearings

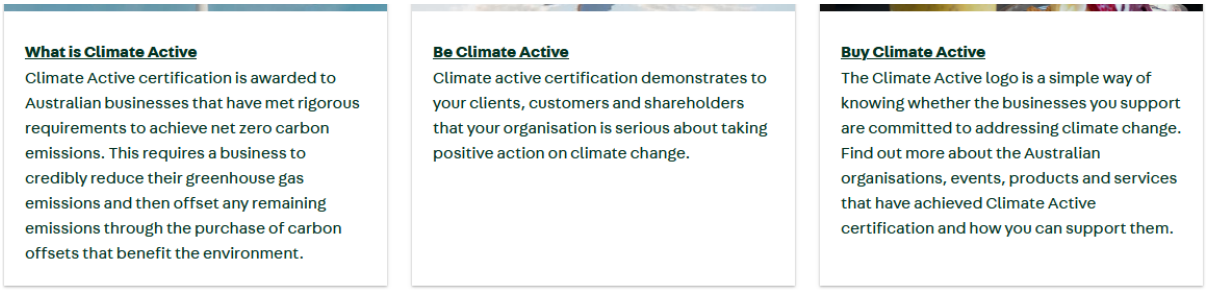
[65] See https://www.unepfi.org/wordpress/wp-content/uploads/2022/03/NZAOA_The-future-of-investor-engagement.pdf

Annexure A – Representations

Climate Active website

- The Climate Active stamp helps the community take action by making it easier to identify and choose brands that are making a real difference. It's about making good decisions today, for a more sustainable tomorrow.
- Our carbon neutral certification is one of the most rigorous in the world.[66]
- Climate Active certification sends a clear signal that your business is serious about addressing climate change and is committed to sustainability, innovation, and industry leadership.
- Importantly it provides an edge over competitors and taps into an increasing number of consumers driving the market for sustainable and ethical products and services. Sustainable product options are outperforming the competition and, for many sectors, a trusted certification scheme is a key to unlocking consumer demand.[67]

- The Climate Active website endorses businesses who have offset their emissions as being 'climate active' and *having gone beyond standard practice and set themselves apart as climate champions*.
- The website also encourages consumers to buy from these businesses as they are *taking positive action on climate change*.



Climate Active Guide

- The Climate Active trade mark confirms that a carbon neutral claim has met a robust standard and is a legitimate and visible stamp of approval.[68]
- Stand out from competitor-s Environmental performance of an organisation is becoming a valuable source of competitive advantage.[69]
- Carbon neutrality is a genuine and demonstrable contribution to the environment that goes beyond an organisation's corporate social responsibility. Organisations that go carbon neutral can purchase offset units from projects that align with their organisational values and brand purpose, further highlighting their commitment

[66] https://www.climateactive.org.au/what-climate-active/about-us
[67] https://www.climateactive.org.au/be-climate-active/why-be-climate-active
[68] https://www.climateactive.org.au/sites/default/files/2022-07/climate-active-guide.pdf, page 4
[69] https://www.climateactive.org.au/sites/default/files/2022-07/climate-active-guide.pdf, page 9

to sustainability

- Many community-facing organisations and businesses enjoy greater recognition and engagement in their community as a result of their carbon neutrality
- A genuine stamp of approval against your carbon neutral claim: Certified organisations can use the Climate Active trade mark to support a genuine claim to be carbon neutral against a robust and authoritative standard.[70]
- Certified organisations join a growing network of carbon neutral leaders that are invited to attend sector insight and networking sessions.[71]
- The certification trade mark provides a legitimate and visual stamp of approval. It gives the community confidence that a carbon neutral claim has met all requirements of a robust standard. For many businesses, the Climate Active trade mark helps to promote products and services and is an integral part of their marketing strategy.[72]

[70] https://www.climateactive.org.au/sites/default/files/2022-07/climate-active-guide.pdf, page 17
[71] https://www.climateactive.org.au/sites/default/files/2022-07/climate-active-guide.pdf, page 17

[72] https://www.climateactive.org.au/sites/default/files/2022-07/climate-active-guide.pdf, page 19

Annexure B- Cooper Energy emissions extracts

Emission Source Category	Total Emissions (tonnes CO2-e)
Scope 1	**9,090**
Fuel Consumed	3,683
Fugitive Emissions	174
Non-Operated Assets Scope 1	5,230
Oil Consumed	4
Scope 2 - Electricity Purchased from Grid	**474**
Gas plant - processing raw gas to create pipeline quality gas	284
Non-Operated Assets Scope 2	85
Offices	105
Scope 3	**923**
Business travel	381
Employee commuting	122
Line losses from transmission to site of electricity and natural gas	37
Office fitout	68
Office paper consumption	3
Postage and outbound courier services	8
Refrigerants (from air conditioning units)	23
Rented premises	77
Upstream fuel consumed	188
Waste from offices	14
Water used	2
Total	**10,488**

Note: total net emissions accounts for rounding.

[73]

Cooper Energy Greenhouse Gas Emissions – Equity Share Basis

Category	FY21	FY20*	FY19	Units
Scope 1 (direct) emissions	3,429	9,090	12,918	tonne CO_2-e
Scope 2 (electricity consumed) emissions	407	474	85	tonne CO_2-e
Scope 3 (controllable) emissions	504	923		tonne CO_2-e
Total Organisational Emissions	4,340	10,488		
Emissions Offset	-4,340	-10,488		tonne CO_2-e
Net Organisational Emissions	**0**	**0**		**tonne CO_2-e**
Total Scope 3 (including customer emissions)	962,762	537,212	534,213	tonne CO_2-e
Energy Produced	17,152	9,766	8,036	TJ
Total Emissions Intensity (Scope 1 + 2 + 3) after offsets	56.1	55.0	68.05	tonne CO_2-e /TJ
Total Emissions Intensity (Scope 1 + 2 + 3) after offsets	3.3	3.23	3.50	tonne CO_2-e / tonne hydrocarbon
Total Emissions Intensity (Scope 1 + 2 + 3)	7,308	7,140		tonne CO_2-e / million A$ revenue

*Minor adjustments have been made to the previously reported Equity Share figures from FY20 to account for adjustments made following the carbon-neutral verification audit and carbon-neutral certification in early 2021. Offsets have been made against the revised figure to ensure net zero.

[74]

[73] https://www.climateactive.org.au/sites/default/files/2021-06/Cooper%20Energy_Inital%20cert_Year%201%20FY2019-20_PDS.pdf, pg 9

[74] https://cooperenergy.com.au/Upload/Documents/AnnouncementsItem/Cooper-Energy-2021-Sustainability-Report.pdf, pg 28

The Australia Institute
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Australian Association of National Advertisers: Environmental Claims Code Review

Australian consumers are increasingly concerned about environmental matters such as climate change and rely on the claims and credentials of business to make informed decisions. Australian regulators have noted an uptick in greenwashing as businesses attempt to attract environmentally conscious consumers.

Rigorous standards for environmental claims in advertising are critical to protect consumers and to prevent advertisers from falsely boosting their environmental credentials. More broadly, the advertising industry has a responsibility to reflect on the role it plays in Australia's biodiversity and climate crises.

The review of the Environmental Claims Code provides a unique opportunity for the Australian Association of National Advertisers (AANA) to drive integrity and best-practice in Australian advertising.

Alexander Cox
Polly Hemming

February 2023

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The Australia Institute is an independent public policy think tank based in Canberra. It is funded by donations from philanthropic trusts and individuals and commissioned research. We barrack for ideas, not political parties or candidates. Since its launch in 1994, the Institute has carried out highly influential research on a broad range of economic, social and environmental issues.

OUR PHILOSOPHY

As we begin the 21st century, new dilemmas confront our society and our planet. Unprecedented levels of consumption co-exist with extreme poverty. Through new technology we are more connected than we have ever been, yet civic engagement is declining. Environmental neglect continues despite heightened ecological awareness. A better balance is urgently needed.

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Introduction

The Australia Institute welcomes the opportunity to provide input into the review of the Environmental Claims Code (the Code).

The Australia Institute has been strongly engaged with research into environmental claims made by Australian companies. Our work has focused in particular on claims made by polluting and extractive industries and the 'greenwashing' of carbon emissions. As part of this, we have undertaken research into the broader integrity of Australian climate policy, the regulation of climate claims, and the use of domestic and international carbon credit schemes to 'offset' emissions by polluting industries including coal and gas projects.[1]

While we acknowledge that the Code covers a broad range of environment-related claims made by companies and advertisers, our submission is focused on the integrity of 'net zero' and 'carbon neutral' claims made by Australian business.

It is no secret that with environmental issues being a key concern of Australian consumers, brands and corporations are looking to promote the environmental benefits of their products and as a powerful means of brand differentiation. The way in which companies position themselves on key environmental issues such as carbon emissions, impacts to biodiversity, reliance on environmentally destructive chemicals and recycling play an important role in driving consumer choices as well as shaping the public perception of firms and individual brands.

A 2021 Finder report on Australian consumer preferences found that 65 per cent of Australians are either 'somewhat concerned' or 'extremely concerned' about their carbon footprint. That same report found that an overwhelming 88 per cent of consumers believe a company's ESG provisions are important to consider when purchasing a product or service.[2]

Crucially, concern is most concentrated among younger consumers. Millennials and generation Z are both more likely to express concern with environmental issues like climate change, but are also more likely to pay a premium for products with demonstrated environmental credentials.[3]

[1] The Australia Institute, 2022, State Sponsored Greenwash, https://australiainstitute.org.au/wp-content/uploads/2022/10/State-sponsored-Greenwash-WEB.pdf

[2] Finder, 2021, Going Green: A report on Australian consumer attitudes to climate action, https://dvh1deh6tagwk.cloudfront.net/finder-au/wp-uploads/2021/06/Finder-Green-Consumer-Report-2021.pdf, p.4

[3] Finder, 2021, Going Green: A report on Australian consumer attitudes to climate action, https://dvh1deh6tagwk.cloudfront.net/finder-au/wp-uploads/2021/06/Finder-Green-Consumer-Report-2021.pdf, p.6

Indeed, Australian public opinion regarding environmental issues has shifted to such a degree that even extractive industries such as coal and gas developers treat environmental reporting as a key dimension of their ESG objectives and part of their broader social licence to operate.

In this context, as more Australian companies rely on environmental marketing as a means of brand differentiation, there is an increasing risk that some firms will make unclear or false claims to promote products or to greenwash their public image.

Gina Cass-Gottlieb (Chair of the Australian Competition and Consumer Commission) reported to The House of Representatives Standing Committee on Economics in October of last year that greenwashing and false claims of carbon neutrality are of increasing concern to Australian regulators. Her testimony is worth quoting at length (emphasis added):

> *Mr Laxale: You've been reported in the press as saying that greenwashing and fabrications about carbon neutrality have created unfair advantages for companies and have led to the misleading of consumers. Do you think firms actively use claims about being net zero or being carbon neutral to gain a competitive advantage?*
>
> *Ms Cass-Gottlieb: We are concerned that that is the case. We know that amongst other consumer enforcers worldwide—so, within the ICPEN group that I referred to previously, that is, international consumer enforcement protection agencies—they have done, at a global level, research to test this and have found that* ***40 per cent of claims had problems and weren't able to be verified****.* ***That's a high proportion.***[4]

With respect to carbon credits in particular, Ms Cass-Gottlieb testified (emphasis added):

> *Mr Laxale: Several people, including a former chair of the Emissions Reduction Assurance Committee, have raised some concerns with the integrity of carbon credits. I think the term 'low-integrity carbon credits' is often used to describe some that are in the system. For the purpose of today I will call them 'junk carbon credits.' How can you know the difference between a carbon neutral product developed with renewable energy over a carbon neutral product that's offset with junk credits?*
>
> *Ms Cass-Gottlieb: All of your question is important and one part of it is incredibly relevant from our perspective which is* ***consumers are unable to actually validate or assess the truth of what is being put to them in this regard****. It is one of the reasons that our initial guidance that we are emphasising is that there needs to be* ***very specific, very clear, able to be substantiated and narrow claims made, rather than general claims***

[4] House of Representatives, Standing Committee on Economics, Review of the Australian Competition and Consumer Commission Annual Report 2021, hearing Tuesday 11th October 2022

because it is very difficult for consumers to ever assess the validity of such claims.[5]

The need to ensure that environmental claims made by companies are credible and are not misleading or deceptive to consumers must be a key priority of Australian advertising standards and regulation going forward. Regulatory agencies in Australia and elsewhere have indicated that they intend to reign in misleading and exaggerated claims with respect to carbon neutrality. Unfortunately, at this stage it is less clear that the advertising industry reflects a similar level of ambition within existing, voluntary codes of practice.

In Australia, greenwashing is drawing the attention of regulators. In October last year, the ACCC instituted a broad investigation into environmental claims made by 200 Australian businesses, with a particular emphasis on greenwashing.[6] While government prosecution of deceptive conduct on the part of businesses will continue to be important, there is significant opportunity for voluntary industry codes of practice to ensure that advertisers operate in ways that do not contravene the public interest.

We consider this particularly important with respect to claims made by advertisers regarding carbon emissions and climate action. This is due to both the significant public concern with climate change, but also the difficulties faced by large segments of the public in navigating complex claims made by companies on their climate credentials.

According to CHOICE Magazine, while a majority of Australians consider their carbon footprint when making purchasing decisions, four in ten Australians are unsure whether to trust carbon neutral claims by businesses and 26 per cent claim to be distrustful of such claims.[7]

Our own polling undertaken in January 2023 has found similar results.[8] From a representative sample of Australian consumers, we found that:

- While an overwhelming majority of Australians (85%) have heard the term 'carbon neutral', only one in three (33%) know what it means.
- Fewer Australians have heard of 'net zero' (60%) and just over one in ten (14%) know what net zero means.
- Three in five Australians (58%) think all emissions from business operations, products and services should be accounted for when making a claim of carbon neutrality.
- Half of Australians (48%) agree that carbon offsets are greenwash.

[5] House of Representatives, Standing Committee on Economics, Review of the Australian Competition and Consumer Commission Annual Report 2021, hearing Tuesday 11th October 2022

[6] ACCC, 2022, ACCC internet sweep target 'greenwashing', fake online reviews, 4th October 2022, https://www.accc.gov.au/media-release/accc-internet-sweeps-target-greenwashing-fake-online-reviews

[7] CHOICE, 2022, Consumer awareness growing around carbon credentials, 9th June 2022, https://www.choice.com.au/shopping/packaging-labelling-and-advertising/advertising/articles/consumer-awareness-growing-around-carbon-credentials

[8] The Australia Institute, Polling – Carbon neutrality, net zero and carbon offsets, January 2023, https://australiainstitute.org.au/report/polling-carbon-neutrality-net-zero-and-carbon-offsets/

- Three in five Australians (62%) agree that carbon offsets help polluters look like they are reducing emissions even when they aren't.
- Two in five (39%) Australians say that there would be less need for EVs if all petrol was carbon neutral (31% disagree, 30% don't know).

Australian consumers clearly have a preference towards products and services which will minimise their environmental footprint. Many of them want to reduce their contribution to climate change in particular. Despite this, a significant proportion of consumers are confused as to how to navigate the complex, confusing and at times misleading claims made in public messaging.

Greenwashing claims are often technical and difficult to understand. This is particularly the case with claims of carbon neutrality. In this space, terms like 'net zero emissions' obscure the complex and at times fraught ways in which carbon emissions are accounted for using a range of emissions reductions technologies, but more commonly, reliance on domestic and international carbon 'offsets' of unknown quality.

This review provides an opportunity for the AANA to ensure that environmental claims in Australian advertising keep pace with community expectations.

In our submission, we address many of the questions posed by the AANA's November 2022 Discussion Paper, with a focus on questions relevant to carbon neutral claims by Australian businesses.

Beyond the development of the Code, we would encourage the AANA and its members to reflect upon the past and current contribution of advertising and public messaging to the present climate crisis, as well as other environmental issues. The advertising industry is uniquely placed to promote solutions to pressing environmental problems and educate the Australian public to ways that their living patterns and decisions can contribute to sustainability.

To paraphrase the Secretary General of the United Nations Antonio Guterres, climate change and environmental harm is not only the work of fossil fuel companies and polluting industries. Enabling interests in finance and diverse professions have had a significant hand in contributing to our present set of environmental challenges.[9]

[9] McKibben, B., 2023, The UN Secretary General's Searing Message for the Fossil-Fuel Industry, https://www.newyorker.com/news/daily-comment/the-un-secretary-generals-searing-message-for-the-fossil-fuel-industry

The AANA has a role to play in the agenda starkly defined by Secretary General Guterres at the United Nations this year; 'no more excuses; no more greenwashing; no more bottomless greed of the fossil fuel industry and its enablers'.[10]

Rather, AANA members should aspire to play a positive role in the transition to a sustainable, climate friendly future.

[10] McKibben, B., 2023, The UN Secretary General's Searing Message for the Fossil-Fuel Industry, https://www.newyorker.com/news/daily-comment/the-un-secretary-generals-searing-message-for-the-fossil-fuel-industry

Responses

1. Are any changes required to the definitions in the Environmental Claims Code?

No response.

2. Are any changes required to section 1 or the Practice Notes for section 1? If so, why are changes required and what specific changes are required?

No response.

3. What changes to the overall Code or Practice Notes could be made to assist in the interpretation and compliance with the Code?

No response.

4. Where broad, general claims of environmental benefit (e.g. sustainable, green) are made, should the product or company's overall environmental footprint be taken into account when assessing the accuracy of the claims?

Yes. This change would improve the integrity of the Environmental Claims Code and hold advertisers to a higher standard than is currently the case. In the Australian context, there have been instances where companies that are engaged in environmentally harmful activities have greenwashed their image under the existing code.

5. Where claims of carbon emission reductions are made in advertising, should advertisers be required to specify the extent to which this is achieved by use of carbon offsetting?

Yes. The extent to which claimed carbon reduction (or neutrality) is the consequence of reducing actual carbon emissions within the development or life cycle of a product, or through reliance on offsets is a significant difference that should be highlighted in advertising material through the use of prominent, clear disclaimers.

Our recent poll of Australian consumers indicated that some 58 per cent of respondents believe that emissions from all products and services should be accounted for when making a claim of carbon neutrality.[11] A majority of Australians find it disingenuous for a firm to claim carbon neutrality for a specific, unrepresentative product or aspect of its business, ignoring the emissions associated with the firm and its activities as a whole.

In Australia, one way such greenwashing occurs is when firms acquire carbon neutral certification (for example from Climate Active) for offsetting the emissions associated with

[11] The Australia Institute, Polling – Carbon neutrality, net zero and carbon offsets, January 2023, https://australiainstitute.org.au/report/polling-carbon-neutrality-net-zero-and-carbon-offsets/

only a small part of their business activities. Typically this is a low-emissions sector, such as the corporate office, while high emissions sectors of the business (such as production, transport) are ignored for the purposes of certification. This can also occur with individual products, including, farcically, actual fossil fuel products like petrol and diesel.[12]

Our recent polling on this issue found that while 85 per cent of Australians have heard of the term 'carbon neutral' only 33 per cent know what it means.[13] It is clear that Australian consumers face significant confusion around this issue. As a consequence, they are at risk of being misled by greenwashing claims which exploit the complexities associated with net zero claims.

When making carbon neutral claims, businesses should explicitly refer to what specific area(s) of their business for which they are claiming carbon neutrality. They additionally should describe how this carbon neutrality has been achieved and provide detail regarding their exposure to carbon offsets.

When businesses directly reduce their emissions, they effectively and uncontroversially reduce their CO_2 footprint. In contrast, there remains significant doubt about the climate benefit of many Australian and international carbon offset projects. Given the poor compliance record of the carbon offsets industry, the reliance on offsets to justify claims of carbon neutrality introduces significant risk that the claim is false, even when certified by a third party.

6. Are any changes required to section 2 or the Practice Notes for section 2? If so, why are changes required and what specific changes are required?

No response.

7. Environmental claims can cover a range of complex issues including carbon emissions, waste diversion or reduction, increased circularity, ecosystem impact, biodiversity and more. What independent certification or substantiation standards, schemes or tests exist in relation to each type of environmental claim? Should any of these standards or tests be adopted in the Environmental Claims Code to substantiate each type of environmental claim?

A wide range of certification agencies and schemes have emerged within Australia and abroad. Unfortunately, the track record of these schemes delivering claimed levels of carbon abatement is poor.

[12] Ampol, Ampol Achieves Australian First With Introduction of Carbon Neutral Fuel Option, https://www.ampol.com.au/about-ampol/news-and-media/carbon-neutral-fuel

[13] The Australia Institute, Polling – Carbon neutrality, net zero and carbon offsets, January 2023, https://australiainstitute.org.au/report/polling-carbon-neutrality-net-zero-and-carbon-offsets/

The world's most widely relied upon certifier of voluntary carbon credits, Verra, was recently exposed in an investigation by The Guardian and Source Material.[14][15] This investigation demonstrated that up to 90 per cent of certified credits generated by forest protection projects did not actually provide any significant amount of carbon abatement over the life of those projects. Principally, credits certified by Verra were issued off the assumption that forested areas within project boundaries would be cleared. Assumed rates of land clearing for most projects in the Verra portfolio were found to be exaggerated, resulting in the over issuance of 'phantom credits' that did not correspond to real CO_2 abatement.

With respect to the Australian carbon market, project proponents generate carbon credits (Australian Carbon Credit Units or ACCUs) for activities which purportedly reduce emissions, or which sequester carbon. Unfortunately, the methods used to measure the amount of carbon abatement provided by projects in the Australian market suffer from similar integrity deficiencies as standards used in international markets.

A significant majority of credits (about 80 per cent) generated within the Australian market have relied upon a small number of individual methods; the capturing of methane from landfill gas, avoided deforestation[16] and 'human induced regeneration'.[17] These methods suffer from significant integrity concerns, particularly with respect to additionality, or the extent to which carbon savings would likely have occurred without the project. Notably, criticism of these methods by a senior regulator, turned whistleblower, prompted a review into the Integrity of the current ACCU system.[18]

Given this, there should be a low level of assumed trust towards 'carbon neutral' claims by advertisers in instances where those claims rely heavily or exclusively on the use of carbon offsets. In the overwhelming proportion of cases, carbon 'neutral' certifications are based on the voluntary purchasing of carbon offsets.

While we appreciate that in many circumstances, the purchasers of carbon credits are acting in good faith, the poor integrity standards which pervade the carbon offsets industry make it difficult to treat most claims of emissions neutrality with confidence. Until uncontroversial,

[14] The Guardian, 2023, Revealed: more than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows, 19th January 2023, https://www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe

[15] Source Material, 2023, The Carbon Con, 18th January 2023, https://www.source-material.org/vercompanies-carbon-offsetting-claims-inflated-methodologies-flawed/

[16] Avoided deforestation involves awarding landowners carbon credits for not removing vegetation on their property.

[17] Human induced regeneration involves allowing previously cleared land to naturally regrow over time to mixed forest.

[18] Morton, A., 2022, Australia's carbon credit scheme 'largely a sham', says whistleblower who tried to rein it in, The Guardian, 23rd March 2022, https://www.theguardian.com/environment/2022/mar/23/australias-carbon-credit-scheme-largely-a-sham-says-whistleblower-who-tried-to-rein-it-in

high integrity offset certification schemes are developed, this should be reflected in the Environmental Claims Code and the expectations placed upon advertisers.

The Australian Government organisation Climate Active provides 'carbon neutral' certification to businesses, organisations, products or events able to satisfy the Climate Active Carbon Neutral Standard. This standard requires organisations to develop a carbon account of their business or product, and then offset those emissions using a recognised form of carbon offset credit, typically ACCUs, or international credits certified by either Verra or Gold Standard.[19]

Climate Active provides a list of 'eligible' offsets that it will accept as part of a carbon neutral claim. However, Climate Active conducts no due diligence research into the credibility or integrity of the specific offset projects referenced by proponents in their application for carbon neutral certification. The Climate Active Carbon Neutral Standard only requires that a company undertake a carbon account of its operations, or product and then balance reported emissions with reported offset purchases.

A recent review of the public Climate Active registry has found that 90 per cent of carbon neutral certifications are backed by cheap, international carbon offsets with questionable or unknown integrity.[20]

As investigative journalism into Verra and the Australian carbon market has demonstrated, the simple fact that carbon offsets are issued by an authority or verified under a particular standard does not guarantee that those offsets are genuine and represent genuine abatement.

Ultimately, this means that the government's own Climate Active scheme may be providing a false level of certainty to consumers about carbon neutrality claims – by endorsing the claims of certain businesses relying on potentially fraudulent or unsubstantiated carbon offsets.

Given this, in 2023, The Environmental Defenders Office, in conjunction with The Australia Institute lodged a complaint about Climate Active with the ACCC. The complaint alleges that Climate Active may be in breach of Section 18 of Australian Consumer Law, which prohibits defective and misleading conduct.

While advertisers may claim compliance with certain privately administered standards, including Climate Active, advertisers wishing claim carbon neutrality in any sort of definitive sense should be held to a higher standard of substantiation.

[19] Climate Active, 2022, Carbon Neutral Organisations, https://www.climateactive.org.au/sites/default/files/2022-10/10571RR%20Environment%20-%20Organisation%20Standard%20A4_FA_Web.pdf, p.47

[20] Mazengarb, M., 2023, Almost 90 per cent of Australia's carbon neutral claims underpinned by 'junk' international offsets, https://tempestsandterawatts.substack.com/p/almost-90-per-cent-of-australias

We note this is how comparable environmental claims codes have been interpreted in other countries, notably the Code for Environmental Advertising (MRC) in the Netherlands, developed by the SRC (or Stitchting Reclame Code). Article 3 of the MRC requires 'all environmental claims to be demonstrably correct' with more stringent evidence being required to substantiate more absolute claims.[21] This standard led the SRC to find against Shell for claiming carbon neutrality (via voluntary offsetting) for a fuel product.[22] Specifically, the SRC noted:

> *An absolute environmental claim is either guaranteed to be correct and therefore permissible or impermissible.* ***Even if the information is factually correct, the claim should be a true and accurate representation of the magnitude of the environmental benefit, and not paint an overly optimistic view of the benefit*** *achieved.*[23] (Emphasis added)

In this case (ref: 2021/00190), although Shell could point to adherence to particular standards for carbon accounting, it was found that the absolute claim (carbon neutrality) could not be substantiated (in an absolute sense), given reliance on offsets which are subject to uncertainty – notwithstanding their certification:

> *With regard to the certified projects in which it participates, Shell has made it plausible that these have been carefully selected and meet strict requirements, and that Shell actively monitors that these projects continue to meet the requirements.* ***However, this does not change the fact that meeting these theoretical, agreed-upon standards is insufficient to substantiate Shell's absolute environmental claim****, in the absence of sound, independent, verifiable and generally recognized evidence.*[24] (Emphasis added)

In other words – a strong environmental claim such as carbon neutrality must be substantiated beyond mere reference to third party certification or standard. With respect to the voluntary carbon offsets, the AANA should adopt this standard for advertisers, as many carbon offset projects fail to deliver promised abatement and the offsets industry is effectively unregulated.

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[21] See the Code for Environmental Advertising (MRC) Article 3, https://www.reclamecode.nl/nrc/code-for-environmental-advertising-mrc/?lang=en

[22] SRC, 2021, Case File Number 2021/00190, https://www.reclamecode.nl/uitspraken/resultaten/vervoer-2021-00190/304997/

[23] [23] SRC, 2021, Case File Number 2021/00190, https://www.reclamecode.nl/uitspraken/resultaten/vervoer-2021-00190/304997/

[24] [24] SRC, 2021, Case File Number 2021/00190, https://www.reclamecode.nl/uitspraken/resultaten/vervoer-2021-00190/304997/

We note that the lack of integrity of many carbon offset standards and developers has drawn the attention of Australian regulators. This issue was raised by the Chair of the ACCC in her recent testimony to the House of Representatives Standing Committee:

> *Mr Hamilton: Last question on that, then: with regard to the certification bodies, will you be reviewing their positions as well? Obviously there's the opportunity for discrepancy there as well.*
>
> *Ms Cass-Gottlieb:* ***There is. It's why we want to be very careful about which ones are trusted and have scientific and rigorous processes behind them.***[25] (Emphasis added)

The Australia Institute's complaint to the ACCC about the Climate Active certification also raises concerns with the way a certification may misrepresent the scope of a carbon neutral claim. The Climate Active trademarks themselves do not make clear the details of how the program works or disclaimers in relation to the claims made. For example, 'carbon neutral products' allow an organisation to claim carbon neutrality for a small proportion of their emissions and represent themselves as 'climate active', but may in fact be significantly increasing the emissions across other areas of operations and product development.

'Carbon neutral organisations' can be contributing to emissions in their operations or through their products or services. This is confusing to consumers. Most would assume that carbon neutrality applies to a company's whole organisation including its products. This is the most popular type of certification by Climate Active. In reality most of the emissions reductions are achieved through companies purchasing green energy and making some minor changes to their offices, with offsets being used for the remaining emissions.

Many companies have increased their emissions despite continuing to be 'Climate Active organisations'. Telstra for example is a carbon neutral certified organisation but has recently become an energy retailer meaning that its gross emissions have increased. Gas companies claiming to be carbon neutral organisations certified by Climate Active report projected expansion of fossil fuel production.

To reiterate the above, while we agree that independent certification or substantiation standards are critical to backing up a green claim, we are concerned that these standards themselves may be misleading and are therefore insufficient on their own.

[25] House of Representatives, Standing Committee on Economics, Review of the Australian Competition and Consumer Commission Annual Report 2021, hearing Tuesday 11th October 2022

8. Where an environmental claim is made that relies on a certification mark or scheme which ceases to exist through no fault of the advertiser, what, if any, allowance should be made in the Environmental Claims Code for such a scenario?

The advertiser should not be able to cite that certification in defence of an environmental claim. In a general sense, advertisers should not rely solely on certification schemes to justify environmental claims and certainly not on defunct certification schemes.

9. Are any changes required to section 3 or the Practice Notes for section 3? If so, why are changes required and what specific changes are required?

No response.

10. In this case, the Jury found that the Plastic Free Certification Mark did not qualify the very broad 'plastic-free claims' made by the advertiser and that consumers were entitled to expect that the products did not contain plastic in any form. The Jury noted that the certification standard did not replace or modify the standard for truth in advertising under the Code of Ethics and the Australian Consumer Law. Are there any learnings from this case in relation to certification or substantiation that should be incorporated into the Environmental Claims Code?

Yes, this case study has a number of relevant lessons for greenwashing and climate claims. With reference to the publicly released Ad Standards Industry Jury report,[26] we note that:

- A key issue in this case is the reliance on third party certification for an environmental claim on the part of the advertiser.
- The jury found (Section 5.29) that *'**certification standard behind the Plastic Free Certification Mark does not replace or modify the standard for truth** in advertising under the Code of Ethics and the Australian Consumer Law'* (Emphasis added).
- The jury further found (Section 5.30) *'The Plastic-Free Claims are made in very broad terms and have not been qualified in any way. In particular, the claims go beyond simply displaying the Plastic Free Certification Mark endorsed by Control Union. An average consumer would be entitled to expect that the Products do not contain plastic in any form and not simply that the Products had been tested to a specific standard referenced by the Plastic Free Certification Mark'*.

We suggest that key takeaways relevant for the Environmental Claims Code include observing that:

[26] Ad Standards Industry Jury, Case 21 ASIJ 1, 1st February 2022, https://adstandards.com.au/sites/default/files/21asij1_industry_jury_final_determination_biopak_v_pinnacle_packaging.pdf

- Third-party certification schemes do not exempt advertisers from requiring claims to be truthful. This is critical to acknowledge given the fact that certification schemes themselves can be misleading.
- Broad environmental claims, including claims of 'carbon neutrality' justified on the basis of third-party certification, should be qualified as such.

11. In this case, the Jury decided that if a product is represented in absolute terms as being a fully recyclable product or 100% recyclable, it should be capable of being recycled through standard kerbside recycling facilities in Australia. Is this a principle that should be incorporated into the Environmental Claims Code or Practice Notes?

Additional guidance on the meaning of the word 'recyclable' should be provided in the Practice Notes. If advertising material is directed at consumers, it is our view that the term 'recyclable' should only be used to refer to products which can be fully recycled by a typical household using conventional garbage collection services provided by local government.

12. Are there any other learnings from this decision which should be incorporated into the Environmental Claims Code rules?

No response.

13. In the event of any inconsistency, should the Environmental Claims Code aim for global best-practice on environmental claims standards or consistency with the Australian Consumer Law?

To the extent that there are inconsistencies, the Code should aspire towards global best-practice on environmental claims.

The Code should also be reviewed regularly to ensure compatibility with improving international standards with respect to green claims in advertising.

14. Should the Environmental Claims Code adopt international benchmarks or standards for measuring the environmental impact of a product or company? If yes, please provide details of which international benchmarks or standards should be adopted. If no, please explain why international standards or benchmarks should not be adopted in Australia.

No response.

15. Should the Environmental Claims Code include a list of specific marketing practices which would automatically be deemed to be misleading and in breach of the Code, similar to that being proposed by the EC?

Yes.

16. Should the Environmental Claims Code contain more guidance around product characteristics or future environmental performance of products, similar to that guidance in the EC proposed amendment to Articles 6 and 7 of the UCPD?

Yes.

17. Unlike the UK Code, the AANA Environmental Claims Code does not include a rule that omitting significant information in relation to general environmental claims could amount to misleading advertising. Should this be included in the new Environmental Claims Code or Practice Notes?

Yes. The omission of salient or contextual information has the potential to confuse or mislead consumers. The intentional omission of relevant information is antagonistic to the spirit of Section 1 of the existing Environmental Claims Code and to Sections 1.2 and 1.3 of the AANA's Code of Ethics.

As the AANA notes in the question, including a rule requiring the disclosure of significant information would bring the Code into alignment with the higher standards required of environmental claims codes in comparable countries.

18. Should the AANA Environmental Claims Code include a rule that environmental claims must be based on the full life cycle of the advertised product or service?

Yes, unless the claim makes explicit that it only applies to a specific part of the life cycle of a product or service.

This would be consistent with expectation in comparable countries, such as the ASA advertising code in the UK, and proposed reforms in the EU.

19. Are there any other rules in the UK Code which should be incorporated into the Environmental Claims Code?

Section 3 of the existing Code should be strengthened. Section 11.3 of the ASA (UK Code) requires absolute claims to be supported by high levels of substantiation.

Section 3 of the Code should include an explicit provision that requires absolute claims to require proportionally greater certain levels of substantiation relative to less absolute claims.

20. Should the Environmental Claims Code align with the updated ICC Framework and additional guidance on emerging environmental claims?

Yes.

21. In the case of general environmental claims, should the Environmental Claims Code require substantiation based on the full lifecycle of the product or business? How can this

be proven by advertisers and verified by consumers? Where possible, please provide examples.

For general environmental claims, requiring businesses to substantiate claims for the full lifecycle of a product or business would provide greater confidence to consumers.

The proposed European Green Claims Directive provides a model as to how this might be accomplished in Australia. The Green Claims Directive will (if implemented) restrict businesses to only make claims that have been substantiated through approved methodologies. It would additionally prevent companies from making positive green claims about products that are additionally associated with negative environmental outcomes, without also disclosing those negative outcomes.[27]

We should expect that the adoption of such a standard in Australia would radically reduce the ability of companies to legally make environmental claims in advertising.

However, we additionally note that in Australia, no frameworks have been developed that would allow businesses to substantiate claims in a standardised, rigorous way. The European directive builds on existing Product and Organisational Environmental Footprint methodologies already in place within the EU. Australian regulators are lagging world's best practice in this area.

22. Are there any other issues, rules or standards that should be included in the Environmental Claims Code? If so please, give details.

No response.

23. Do you have any additional suggestions or comments on the review of the Environmental Claims Code?

We would like to reiterate, in general terms, our concern over claims of carbon neutrality which are becoming an increasingly common feature of Australia's advertising landscape. In particular, we want to underscore the need for appropriate scepticism when such claims are made by firms reliant on domestic and international carbon offsets.

While voluntary and government sponsored accreditation schemes for carbon offsets exist, time and time again, the carbon offset industry has been the subject of scandal and 'certified' projects have failed to deliver the carbon sequestration that they promised. Claims of emissions neutrality based on dodgy offsets therefore have significant potential to be false and misleading. At their worst, they are an intentional form of greenwashing pursued by

[27] Oyarzabal, R., Falco, L., Molyneux, C.G., Gevrenova, Y. & Van Vooren, B., 2023, Upcoming EU Rules on Green Claims, January 23rd 2023, https://www.insideenergyandenvironment.com/2023/01/upcoming-eu-rules-on-green-claims/

polluting industries and unscrupulous firms seeking to exploit public concern about climate change, and the complexities surrounding decarbonisation.

Environmental claims in advertising must have integrity. This means when firms use carbon offsets to justify claims of carbon neutrality, these claims deserve scrutiny and must be qualified conservatively.

Given this, the AANA's revised Environmental Claims Code should take a suitably conservative approach to how carbon neutral claims are treated in Australian advertising.

It is commendable that the AANA reviewing the Environmental Claims Code, but the organisation has a broader role to ensure integrity and best-practice in the Australian advertising industry. The industry is not a passive actor in the global climate crisis – historically it has played a prominent role in enabling and amplifying the misleading claims made by the industries driving climate change. The Australia Institute hopes that the review of the Environmental Claims Code AANA will prompt deeper reflection on the role the advertising industry now has in tackling climate change and biodiversity loss.

Polling – Carbon neutrality, net zero and carbon offsets

January 2023

Key results

The Australia Institute surveyed a nationally representative sample of 1,012 Australians in January 2023, about their attitudes about carbon neutrality, net zero and carbon offsets.

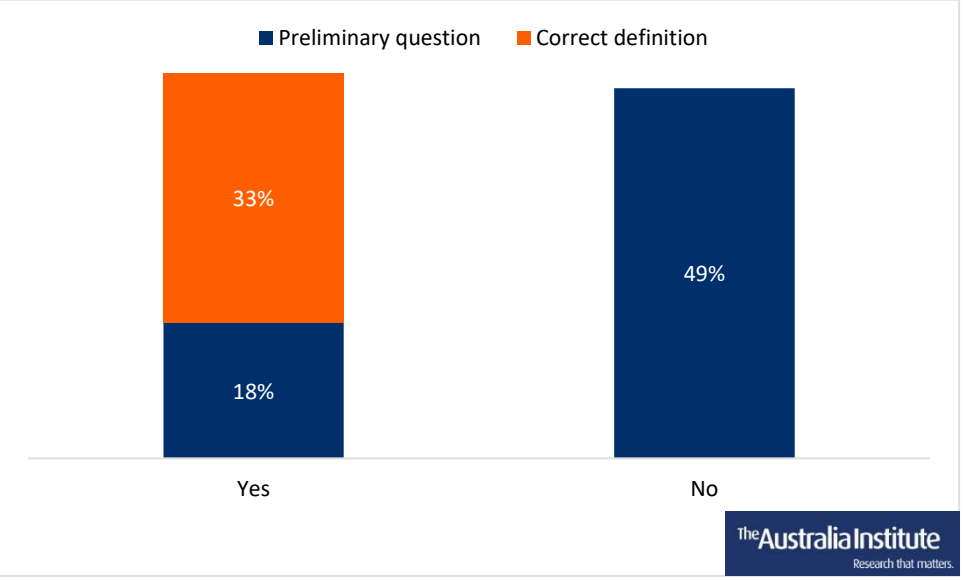
- An overwhelming majority of Australians (85%) have heard the term carbon neutral, but just one in three (33%) know what it means.
- Fewer Australians have heard of net zero (60%) and just over one in ten (14%) know what net zero means.
- Nearly two in three Australians (62%) thank that offsets result in cancelled out or less emissions.
- Three in five Australians (58%) think all emissions from business operations, products and services should be accounted for when claiming to be a "carbon neutral organisation".
- One in three (33%) agree that carbon neutral electricity has the same impact as 100% renewable energy (34% disagree, 32% don't know).
- Half of Australians (48%) agree that carbon offsets are greenwash.
    - Three in five Australians (62%) agree that carbon offsets help polluters look like they are reducing emissions even when they aren't.
- Two in five (39%) Australians say that there would be less need for EVs if all petrol was carbon neutral (31% disagree, 30% don't know).
- Three in five Aussies (61%) say that stopping new gas and coal projects is an effective way to reduce emissions (20% say its ineffective, 19% don't know).

Defining ‘carbon neutral’

Most Australians (85%) have heard people or businesses use the term ‘carbon neutral’. However, understandings of the definition of carbon neutral are lower.

- Half of Australians (51%) say they know what carbon neutral means, while the other half (49%) say they do not.
- In total, just one in three respondents (33%) selected the correct definition of carbon neutral.
    - (Correct definition: “Carbon emissions are released, but are cancelled out by other activities like buying offsets.”)
- Greens voters were the most familiar with the term carbon neutral, with half (50%) selecting the correct definition.

Figure 1: Understanding of the term carbon neutral

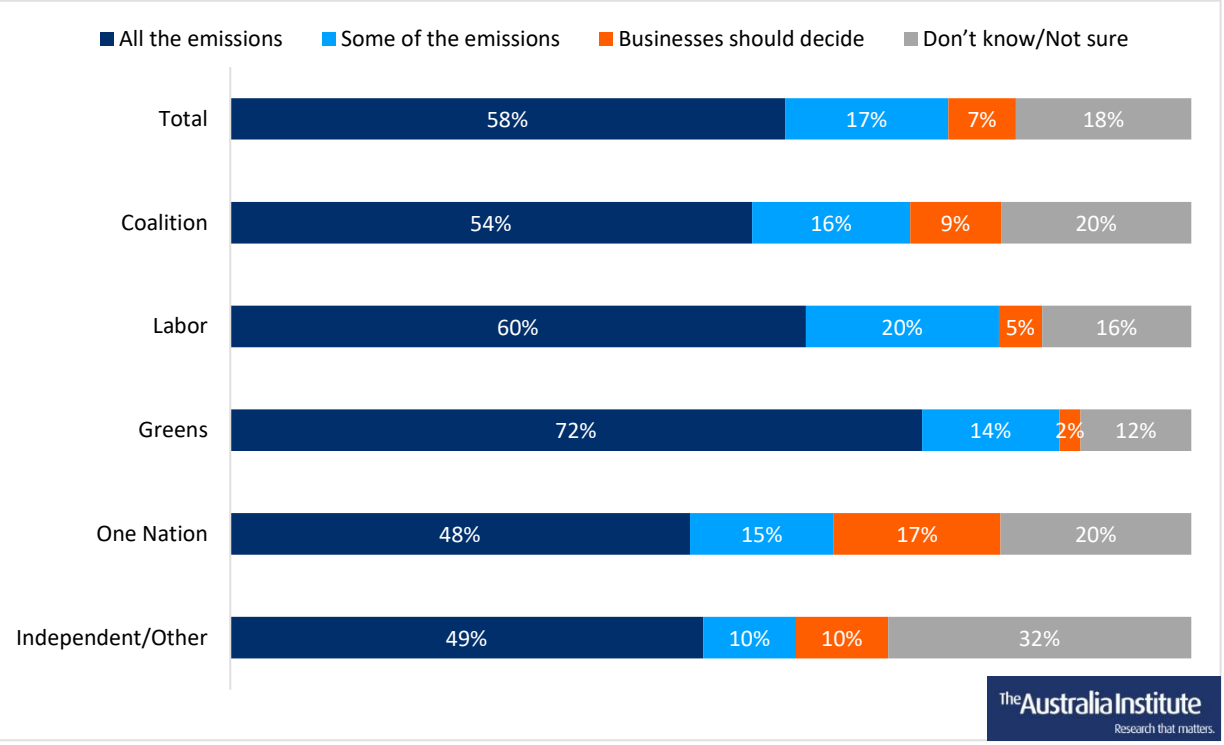


Emissions accounted for under carbon neutral

Respondents were asked what portion of a business' emissions should be accounted for to claim to be a "carbon neutral organisation".

- Three in five Australians (58%) think that all the emissions from business operations (offices, warehouses and transport), products it makes and services it provides should be accounted for.
- One in five Australians (17%) think some of the emissions should be accounted for, and fewer than one in ten (7%) think organisations should be allowed to decide which emissions they offset to say they're carbon neutral.
- Across all voting intentions, at least half (48%–72%) think all emissions should be accounted for to claim to be carbon neutral.
    - Greens voters (72%) are most likely to think all emissions should be accounted for, followed by Labor (60%) and Coalition (54%) voters.

Figure 2: Views on what portion of business emissions should be accounted for in claims to be a "carbon neutral organization", by voting intention

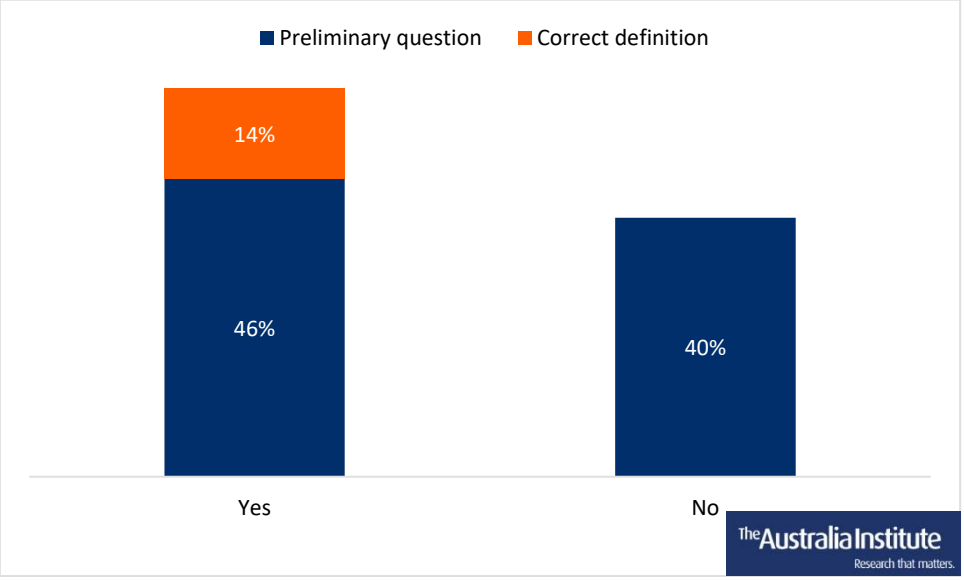


Defining ‘net zero’

Three in five Australians (60%) have heard people or businesses use the term ‘net zero’. However, understandings of the definition of net zero are lower.

- Two thirds (65%) of Australians said they do not know what net zero means.
- Just over one in ten (14%) respondents selected the correct definition of net zero.
    - (Correct definition: “Greenhouse gas emissions are released, but are cancelled out by other activities like buying offsets.”)
- Across voting intentions, fewer than one in four respondents (10%–22%) selected the correct definition for net zero.

Figure 3: Understanding of the term net zero

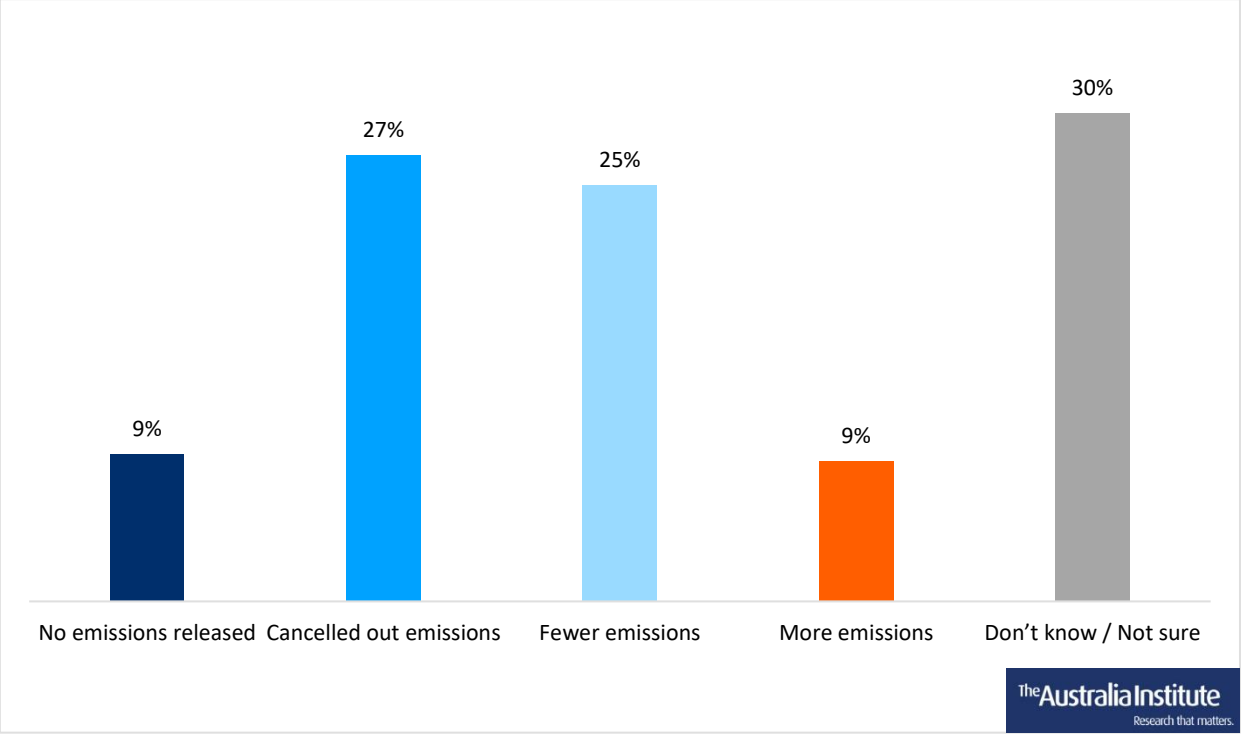


Impact of offsets on emissions

Three in five Australians (62%) think that carbon offsets result in cancelled out, fewer or zero overall emissions in the atmosphere.

- One in ten (9%) think offsets result in no emissions released.
- One in four (25%) think offsets result in fewer emissions.
- One in four (27%) think offsets result in cancelled out emissions.
- One in ten (9%) think offsets result in more emissions.
- Greens voters (43%) are most likely to think offsets result in cancelled out emissions, followed by Labor voters (28%), Coalition voters (25%), then One Nation voters (20%).

Figure 4: Perceived impact of offsets on overall emissions

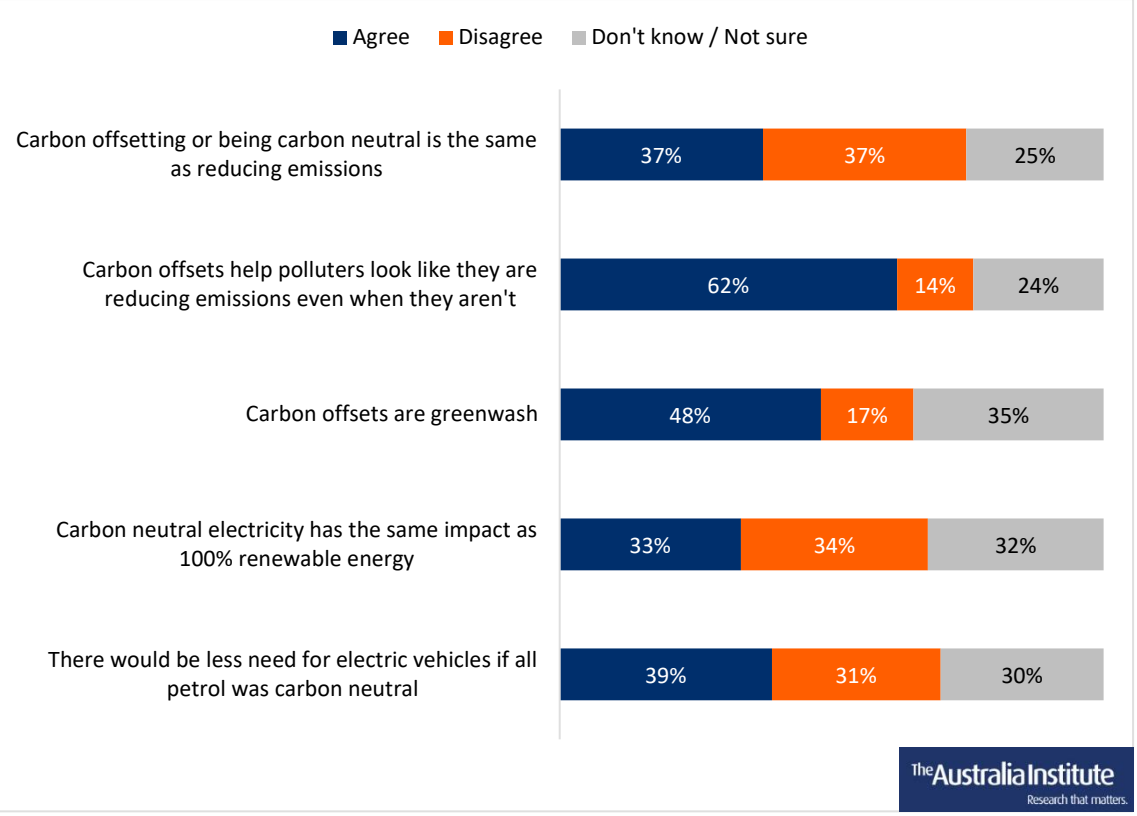


Perceptions of carbon offsets and carbon neutrality

Respondents were asked whether they agreed or disagreed with five statements relating to carbon offsets and carbon neutrality.

- Two in five Australians (37%) agree that carbon offsetting is the same as reducing emissions, while two in five (37%) disagree.
- Three in five (62%) agree that carbon offsets help polluters look like they are reducing emissions even when they aren't (14% disagree).
- Half (48%) agree that carbon offsets are greenwash (17% disagree).
- One in three (33%) agree that carbon neutral electricity has the same impact as 100% renewable energy, and one in three (34%) disagree.
- Two in five (39%) agree that there would be less need for electric vehicles if all petrol was carbon neutral (31% disagree).

Figure 5: Views on carbon offsets and carbon neutrality

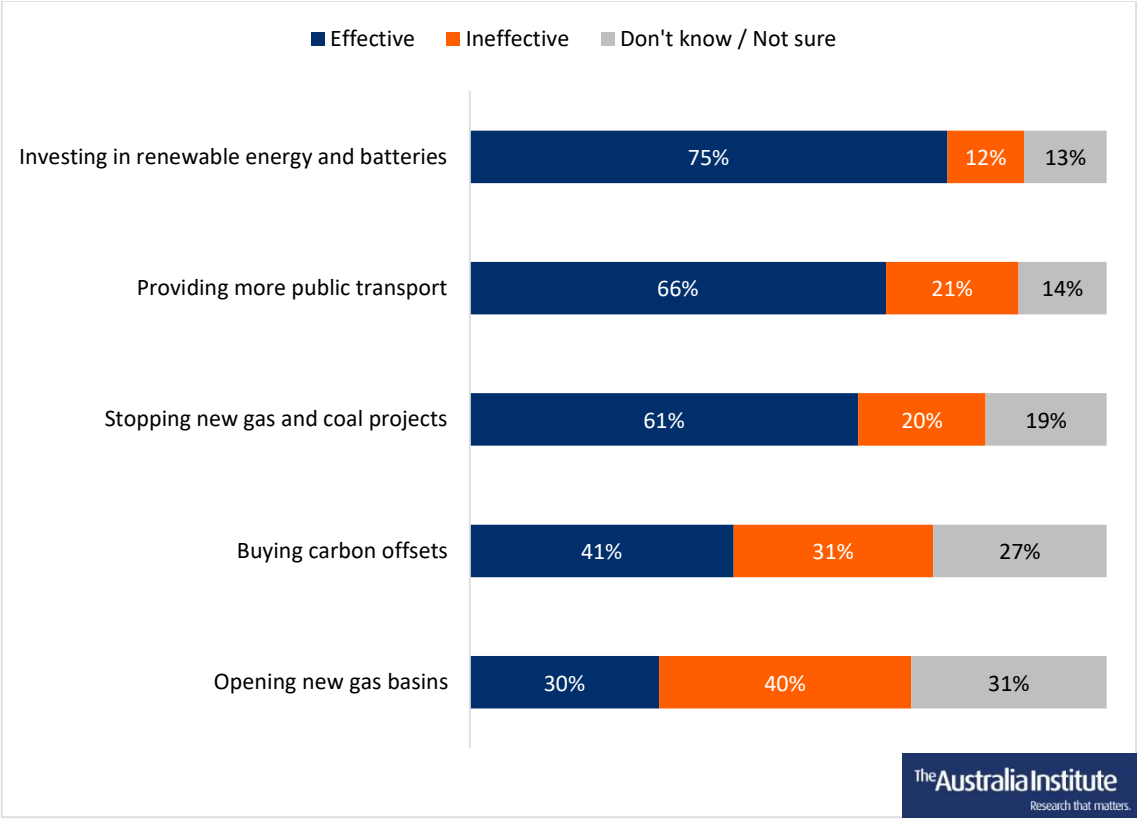


Effectiveness of activities in reducing emissions

Respondents were asked to rate five activities or technologies according to their effectiveness in reducing emissions. Australians considered investing in renewable energy and batteries and providing more public transport as the most effective, while opening new gas basins and buying carbon offsets were considered most ineffective.

- Three in four (75%) think that investing in renewable energy and batteries is effective in reducing emissions (12% think it is ineffective).
- Two in three (66%) think that providing more public transport is effective in reducing emissions (21% think it is ineffective).
- Three in five (61%) think that stopping new gas and coal projects is effective in reducing emissions (20% think it is ineffective).
- Two in five (41%) think that buying carbon offsets is effective in reducing emissions, while (31% think it is ineffective).
- Two in five (40%) think that opening new gas basins is ineffective in reducing emissions, while one in three (30%) think it is effective.

Figure 6: Perceived effectiveness of activities and technologies in reducing emissions



Method

Between 18 and 23 January 2023, The Australia Institute surveyed 1,012 adults living in Australia. Surveys were conducted online through Dynata's panel, with nationally representative samples by gender, age group, and state and territory. Voting crosstabs show voting intentions for the House of Representatives. Those who were undecided were asked which way they were leaning; these leanings are included in voting intention crosstabs.

The research is compliant with the Australian Polling Council Quality Mark standards. The long methodology disclosure statement follows.

Long disclosure statement

The results were weighted by three variables (gender, age group, and state and territory) based on Australian Bureau of Statistics "National, state and territory population" data, using the raking method. Those who answered the gender identity question as "Non-binary", "I use a different term", or "Prefer not to answer" had their responses included with females for the purpose of reporting, due to constraints from weighting data availability. This resulted in an effective sample size of 938.

The margin of error (95% confidence level) for the national results is ±3%.

Results are shown only for larger states.

Voting intention questions appeared just after the initial demographic questions, before policy questions. Respondents who answered "Don't know / Not sure" for voting intention were then asked a leaning question; these leanings are included in voting intention crosstabs. "Coalition" includes separate responses for Liberal and National. "Other" refers to Independent/Other, and minor parties in cases where they were included in the voting intention but represent too small a sample to be reported separately in the crosstabs.

Detailed results

No preceding questions in the poll are expected to have influenced the results of the questions published here.

Have you heard people or businesses use the term "carbon neutral"?

	Total	Male	Female	NSW	VIC	QLD	WA
Yes	*85%*	85%	86%	84%	83%	88%	89%
No	*15%*	15%	14%	16%	17%	12%	11%

	Total	Coalition	Labor	Greens	PHON	Other
Yes	*85%*	85%	85%	87%	88%	86%
No	*15%*	15%	15%	13%	12%	14%

Do you know what carbon neutral means?

	Total	Male	Female	NSW	VIC	QLD	WA
Yes	*51%*	55%	47%	55%	49%	48%	45%
No	*49%*	45%	53%	45%	51%	52%	55%

	Total	Coalition	Labor	Greens	PHON	Other
Yes	*51%*	50%	49%	70%	52%	46%
No	*49%*	50%	51%	30%	48%	54%

Which of the following is a definition of carbon neutral?

	Total	Male	Female	NSW	VIC	QLD	WA
No carbon emissions are released	*15%*	13%	18%	19%	16%	11%	8%
Companies pay a tax on their carbon emissions	*6%*	5%	6%	6%	3%	4%	13%
Carbon emissions are released, but are cancelled out by other activities like buying offsets	*65%*	69%	60%	62%	63%	67%	66%
Companies don't mind if they release carbon emissions	*2%*	2%	1%	3%	2%	0%	3%
Companies are reducing carbon emissions in some parts of their business	*12%*	10%	15%	10%	16%	18%	8%
Don't know / Not sure	*0%*	0%	0%	0%	0%	0%	1%

	Total	Coalition	Labor	Greens	PHON	Other
No carbon emissions are released	*15%*	21%	13%	8%	27%	8%
Companies pay a tax on their carbon emissions	*6%*	3%	7%	3%	7%	12%
Carbon emissions are released, but are cancelled out by other activities like buying offsets	*65%*	64%	67%	72%	55%	55%
Companies don't mind if they release carbon emissions	*2%*	2%	0%	3%	3%	3%
Companies are reducing carbon emissions in some parts of their business	*12%*	10%	12%	14%	8%	22%
Don't know / Not sure	*0%*	0%	0%	0%	0%	0%

To call themselves a "carbon neutral organization" a business purchases carbon offsets to balance or cancel out their emissions. What portion of the business' emissions should be accounted for to make this claim?

	Total	Male	Female	NSW	VIC	QLD	WA
All the emissions from business operations (offices, warehouses and transport), products it makes and services it provides	*58%*	61%	55%	59%	56%	55%	54%
Some of the emissions from operations (offices, warehouses and transport), products it makes and services it provides	*17%*	17%	17%	18%	18%	16%	15%
Organisations should be allowed to decide which emissions they offset to say they're carbon neutral	*7%*	7%	7%	6%	5%	11%	9%
Don't know / Not sure	*18%*	15%	21%	17%	21%	18%	21%

	Total	Coalition	Labor	Greens	PHON	Other
All the emissions from business operations (offices, warehouses and transport), products it makes and services it provides	*58%*	54%	60%	72%	48%	49%
Some of the emissions from operations (offices, warehouses and transport), products it makes and services it provides	*17%*	16%	20%	14%	15%	10%
Organisations should be allowed to decide which emissions they offset to say they're carbon neutral	*7%*	9%	5%	2%	17%	10%
Don't know / Not sure	*18%*	20%	16%	12%	20%	32%

Have you heard people or businesses use the term net zero?

	Total	Male	Female	NSW	VIC	QLD	WA
Yes	*60%*	65%	55%	62%	61%	56%	54%
No	*40%*	35%	45%	38%	39%	44%	46%

	Total	Coalition	Labor	Greens	PHON	Other
Yes	*60%*	62%	56%	66%	64%	57%
No	*40%*	38%	44%	34%	36%	43%

Do you know what net zero means?

	Total	Male	Female	NSW	VIC	QLD	WA
Yes	*35%*	43%	27%	37%	38%	26%	30%
No	*65%*	57%	73%	63%	62%	74%	70%

	Total	Coalition	Labor	Greens	PHON	Other
Yes	*35%*	39%	31%	43%	34%	28%
No	*65%*	61%	69%	57%	66%	72%

Which of the following is a definition of net zero?

	Total	Male	Female	NSW	VIC	QLD	WA
No greenhouse gas emissions are released	*29%*	25%	34%	26%	34%	23%	34%
Greenhouse gas emissions are released now, but will stop by 2050	*17%*	15%	19%	18%	13%	20%	24%
Greenhouse gas emissions are released, but are cancelled out by other activities like buying offsets	*41%*	45%	34%	35%	41%	49%	32%
Companies have to show they are reducing their greenhouse gas emissions	*8%*	7%	9%	9%	8%	6%	5%
Companies are reducing greenhouse gases in some parts of their business	*6%*	7%	3%	12%	3%	3%	2%
Don't know / Not sure	*0%*	0%	1%	0%	0%	0%	3%

	Total	Coalition	Labor	Greens	PHON	Other
No greenhouse gas emissions are released	*29%*	37%	21%	28%	30%	32%
Greenhouse gas emissions are released now, but will stop by 2050	*17%*	18%	15%	11%	36%	10%
Greenhouse gas emissions are released, but are cancelled out by other activities like buying offsets	*41%*	36%	42%	51%	29%	46%
Companies have to show they are reducing their greenhouse gas emissions	*8%*	3%	13%	8%	0%	12%
Companies are reducing greenhouse gases in some parts of their business	*6%*	5%	9%	2%	5%	0%
Don't know / Not sure	*0%*	1%	0%	0%	0%	0%

For overall emissions in the atmosphere, do carbon offsets result in:

	Total	Male	Female	NSW	VIC	QLD	WA
No emissions released	*9%*	9%	9%	11%	9%	8%	9%
Cancelled out emissions	*27%*	33%	22%	25%	28%	31%	19%
Fewer emissions	*25%*	24%	27%	28%	25%	20%	29%
More emissions	*9%*	9%	8%	9%	8%	8%	9%
Don't know / Not sure	*30%*	25%	34%	27%	31%	32%	35%

	Total	Coalition	Labor	Greens	PHON	Other
No emissions released	*9%*	10%	9%	7%	9%	7%
Cancelled out emissions	*27%*	25%	28%	43%	20%	19%
Fewer emissions	*25%*	26%	26%	28%	31%	17%
More emissions	*9%*	8%	9%	6%	9%	9%
Don't know / Not sure	*30%*	31%	29%	15%	31%	47%

To what extent do you agree or disagree with the following statements:
"*Carbon offsetting or being caron neutral is the same as reducing emissions*"

	Total	Male	Female	NSW	VIC	QLD	WA
Strongly agree	*9%*	10%	8%	9%	7%	11%	5%
Agree	*29%*	31%	27%	32%	28%	26%	33%
Disagree	*27%*	27%	28%	26%	28%	27%	24%
Strongly disagree	*10%*	13%	7%	10%	9%	10%	8%
Don't know / Not sure	*25%*	20%	31%	24%	28%	26%	29%

	Total	Coalition	Labor	Greens	PHON	Other
Strongly agree	*9%*	7%	11%	7%	7%	8%
Agree	*29%*	32%	30%	29%	15%	18%
Disagree	*27%*	26%	27%	35%	29%	25%
Strongly disagree	*10%*	8%	8%	15%	19%	14%
Don't know / Not sure	*25%*	27%	24%	14%	29%	34%

"Carbon offsets help polluters look like they are reducing emissions even when they aren't"

	Total	Male	Female	NSW	VIC	QLD	WA
Strongly agree	*20%*	23%	17%	22%	20%	19%	18%
Agree	*43%*	44%	42%	45%	38%	40%	46%
Disagree	*11%*	12%	10%	9%	14%	9%	11%
Strongly disagree	*3%*	4%	3%	3%	3%	4%	5%
Don't know / Not sure	*24%*	18%	29%	22%	26%	29%	20%

	Total	Coalition	Labor	Greens	PHON	Other
Strongly agree	*20%*	15%	20%	27%	25%	26%
Agree	*43%*	44%	45%	44%	33%	32%
Disagree	*11%*	13%	9%	10%	11%	8%
Strongly disagree	*3%*	3%	3%	4%	8%	2%
Don't know / Not sure	*24%*	25%	23%	15%	23%	32%

"Carbon offsets are greenwash"

	Total	Male	Female	NSW	VIC	QLD	WA
Strongly agree	*16%*	17%	14%	18%	13%	17%	15%
Agree	*32%*	34%	30%	33%	34%	31%	30%
Disagree	*15%*	17%	12%	12%	16%	13%	13%
Strongly disagree	*3%*	4%	2%	2%	3%	3%	4%
Don't know / Not sure	*35%*	28%	42%	35%	33%	36%	38%

	Total	Coalition	Labor	Greens	PHON	Other
Strongly agree	*16%*	14%	16%	16%	22%	13%
Agree	*32%*	33%	32%	34%	38%	26%
Disagree	*15%*	12%	16%	24%	7%	12%
Strongly disagree	*3%*	2%	3%	3%	2%	2%
Don't know / Not sure	*35%*	39%	34%	23%	32%	46%

"Carbon neutral electricity has the same impact as 100% renewable energy"

	Total	Male	Female	NSW	VIC	QLD	WA
Strongly agree	*8%*	8%	9%	9%	6%	10%	9%
Agree	*25%*	26%	25%	27%	25%	29%	20%
Disagree	*22%*	25%	19%	21%	28%	19%	22%
Strongly disagree	*12%*	15%	10%	11%	12%	12%	8%
Don't know / Not sure	*32%*	26%	38%	33%	28%	30%	42%

	Total	Coalition	Labor	Greens	PHON	Other
Strongly agree	*8%*	8%	9%	6%	8%	7%
Agree	*25%*	30%	25%	17%	22%	20%
Disagree	*22%*	23%	24%	28%	9%	11%
Strongly disagree	*12%*	11%	9%	25%	22%	11%
Don't know / Not sure	*32%*	28%	32%	24%	39%	51%

"*There would be less need for electric vehicles if all petrol was carbon neutral*"

	Total	Male	Female	NSW	VIC	QLD	WA
Strongly agree	*11%*	10%	12%	12%	11%	10%	10%
Agree	*28%*	27%	29%	30%	26%	27%	26%
Disagree	*19%*	22%	17%	17%	24%	22%	17%
Strongly disagree	*11%*	14%	9%	12%	9%	10%	10%
Don't know / Not sure	*30%*	28%	33%	28%	30%	31%	36%

	Total	Coalition	Labor	Greens	PHON	Other
Strongly agree	*11%*	12%	10%	7%	18%	9%
Agree	*28%*	30%	28%	26%	24%	25%
Disagree	*19%*	17%	22%	24%	15%	15%
Strongly disagree	*11%*	7%	9%	24%	15%	15%
Don't know / Not sure	*30%*	33%	30%	18%	29%	37%

Rate each activity or technology according to its effectiveness in reducing emissions

Opening new gas basins

	Total	Male	Female	NSW	VIC	QLD	WA
Very effective	*9%*	11%	7%	10%	6%	11%	12%
Effective	*20%*	24%	18%	23%	20%	18%	19%
Ineffective	*25%*	28%	23%	24%	27%	28%	22%
Very ineffective	*14%*	16%	13%	14%	15%	11%	16%
Don't know / Not sure	*31%*	22%	39%	30%	31%	32%	31%

	Total	Coalition	Labor	Greens	PHON	Other
Very effective	*9%*	9%	10%	5%	17%	6%
Effective	*20%*	26%	20%	11%	29%	11%
Ineffective	*25%*	28%	25%	28%	19%	18%
Very ineffective	*14%*	6%	16%	33%	12%	16%
Don't know / Not sure	*31%*	30%	30%	22%	24%	49%

Providing more public transport

	Total	Male	Female	NSW	VIC	QLD	WA
Very effective	*18%*	20%	16%	20%	16%	16%	18%
Effective	*48%*	51%	45%	42%	49%	47%	59%
Ineffective	*17%*	16%	17%	22%	16%	15%	12%
Very ineffective	*4%*	4%	4%	4%	5%	2%	3%
Don't know / Not sure	*14%*	9%	18%	13%	13%	19%	8%

	Total	Coalition	Labor	Greens	PHON	Other
Very effective	*18%*	16%	20%	21%	16%	12%
Effective	*48%*	49%	49%	50%	29%	48%
Ineffective	*17%*	21%	14%	12%	22%	18%
Very ineffective	*4%*	3%	3%	5%	12%	5%
Don't know / Not sure	*14%*	12%	14%	12%	21%	17%

Investing in renewable energy and batteries

	Total	Male	Female	NSW	VIC	QLD	WA
Very effective	*33%*	36%	29%	30%	32%	32%	34%
Effective	*42%*	39%	45%	43%	42%	40%	48%
Ineffective	*9%*	11%	7%	11%	10%	7%	6%
Very ineffective	*3%*	5%	2%	4%	2%	4%	5%
Don't know / Not sure	*13%*	9%	17%	12%	14%	16%	8%

	Total	Coalition	Labor	Greens	PHON	Other
Very effective	*33%*	22%	38%	53%	23%	25%
Effective	*42%*	47%	43%	31%	37%	41%
Ineffective	*9%*	13%	5%	9%	10%	12%
Very ineffective	*3%*	5%	1%	1%	14%	2%
Don't know / Not sure	*13%*	13%	12%	6%	16%	20%

Stopping new gas and coal projects

	Total	Male	Female	NSW	VIC	QLD	WA
Very effective	*25%*	26%	24%	25%	23%	24%	28%
Effective	*36%*	36%	36%	39%	36%	31%	39%
Ineffective	*12%*	16%	9%	14%	11%	14%	7%
Very ineffective	*8%*	9%	6%	7%	7%	9%	8%
Don't know / Not sure	*19%*	13%	25%	16%	23%	22%	19%

	Total	Coalition	Labor	Greens	PHON	Other
Very effective	*25%*	16%	30%	40%	17%	21%
Effective	*36%*	38%	38%	39%	23%	22%
Ineffective	*12%*	18%	9%	9%	12%	14%
Very ineffective	*8%*	11%	4%	2%	31%	7%
Don't know / Not sure	*19%*	16%	20%	10%	18%	36%

Buying carbon offsets

	Total	Male	Female	NSW	VIC	QLD	WA
Very effective	*10%*	10%	10%	10%	9%	11%	9%
Effective	*32%*	31%	32%	32%	32%	28%	38%
Ineffective	*22%*	26%	18%	25%	23%	22%	14%
Very ineffective	*9%*	12%	6%	8%	8%	12%	9%
Don't know / Not sure	*27%*	20%	34%	25%	28%	27%	31%

	Total	Coalition	Labor	Greens	PHON	Other
Very effective	*10%*	8%	13%	10%	6%	7%
Effective	*32%*	32%	35%	34%	27%	17%
Ineffective	*22%*	24%	22%	29%	13%	17%
Very ineffective	*9%*	11%	5%	12%	22%	12%
Don't know / Not sure	*27%*	25%	26%	16%	32%	47%