

## CLIMATE CHANGE POLICY

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When the Albanese government was elected, it was widely proclaimed that climate policy was back on track in Australia. Eight bleak years of Coalition denialism and intransigence had been punished by the voting public; a responsible government was back in charge with a mandate for climate action. An emissions target was promptly legislated, commitments were made for renewable energy projects around the country and a review of previous climate policies began. After two decades of the Coalition's excuses ('we'll act when other countries act'; 'we will meet and beat our targets'; 'our coal is cleaner'), Australia would finally play its part in reducing global emissions. It was full steam ahead for 'net zero by 2050'.

In reality, the political economic situation looks more deeply problematic. Just hours after she was sworn in as new resources minister, Madeleine King announced the government's strong support for Woodside's massive new Scarborough gas project. The decision was clearly incompatible with an ambition to reduce global emissions. The carbon bombs of Scarborough, Carmichael, the Beetaloo Basin, Liverpool Plains and more than a hundred other proposed coal and gas projects will pump carbon dioxide and methane into the atmosphere for decades at a rate that dwarfs Australia's current national emissions.

So how is 'net zero by 2050' consistent with opening new, larger fossil-fuel plants? Australia's answer lies in a suite of 'emissions reduction' policies first instituted by the Coalition government and since pursued by Labor: net zero isn't zero; Australian-sourced coal and gas emissions aren't counted towards Australian targets; and an apparatus of complex financial instruments – known as offsets – renders the entire edifice incomprehensible to most of us. What these policies protect the public

**Feik, N. (2024)**  
**'Claiming Climate Credits: Climate Change Policy'**  
*Journal of Australian Political Economy*  
**No. 92, pp. 224-39.**

from is the knowledge that Australian climate policy has been reverse-engineered to protect the interests of the fossil-fuel industry.

This article explores these tensions and contradictions. It discusses the policies, problems and prospects, focussing on the obstacles arising from prevailing vested interests that impede progress. Its successive sections move from consideration of emissions reduction, to carbon credits, the 'safeguard mechanism', a case study of the Scarborough project, and investment in environmental markets. Overall, it challenges the Albanese government to 'get real' about what it would take to make Australia less of a laggard in meeting the global challenge posed by climate change.

### **Ambitions, modelling and interests**

The rapid adoption of 'net zero by 2050' targets is not simply a reflection of long-overdue commitments by governments and corporations to do the right thing. While it is admirable that a growing number of governments and nearly half of Australia's ASX200 companies have voluntary 'net zero' commitments, there is an obvious problem when these targets are being adopted by the likes of Woodside and Shell, who are meanwhile expanding their fossil-fuel operations. Intrinsic to almost all 'net zero' commitments are two key factors: only a subset of emissions will be counted, and any emissions can be offset.

Offsets have been linked with fossil-fuel expansion for more than 30 years. The first carbon offset program, created in 1989, was an agri-forest project in Guatemala set up by an American energy company to offset the emissions of its new coal-fired power plant in Connecticut. The project failed to offset the emissions from the power plant by a factor of approximately 50, causing land use conflicts, struggles between authorities and land-owners for control over scarce forest, and legal changes that criminalised subsistence activities such as fuel wood gathering and undermined local farmer participation (Wittman and Caron 2009). For all its good intentions, it was the perfect example of what offsets would become. Instead of reducing or abating emissions it justified them, while also creating a different suite of problems.

Improvements in the scientific modelling of climate change throughout the 1990s and 2000s showed that countries' energy efficiency and emissions reduction efforts were failing to hit targets. They also indicated that greenhouse gases would need to be drawn down too – decreasing gases

already in the atmosphere – if emissions weren't cut fast enough. This was 'manna from heaven' both for governments struggling to cut emissions and for fossil-fuel companies: models could be constructed to show how drawn-down emissions could offset any failures to meet reduction targets.

The problem is not, of course, with using nature to help draw down carbon. It is when the main purpose of the activity becomes financial gain, and the tree-planting part becomes incidental (if not irrelevant or hypothetical) while still justifying growing greenhouse gas emissions. Carbon credits can be commercialised, made into financial instruments, and repackaged and resold. So, farmers and other land and title holders have a new revenue source, the big polluters invest, and governments can boast of their green credentials. Even environmental groups have bought in.

The United Nations and every scientific organisation worth its name have explicitly warned against relying on offsets to do the heavy lifting of emissions abatement. Problems include the difficulty of calculating and regulating carbon-abatement programs, the fact that trees cannot store carbon as permanently as coal, and that every credit justifies further fossil-fuel use. The practice of offsetting, even according to the federal government and industry, should be a last resort. First, we should be avoiding, reducing and substituting fossil fuels. Some uses of fossil fuels are virtually unavoidable; most are not. Yet carbon offsetting has become the main game in many global climate-change mitigation efforts, including in Australia. As the international carbon-credits market booms, estimates of its worth in coming years range into the many trillions. Every dollar spent pursuing it will be a dollar not spent on cutting emissions; and it will implicitly justify continued fossil-fuel use.

Fundamentally, there aren't enough trees or arable land in the world to offset growing emissions, and there never will be. *The Land Gap Report* (Dooley *et al.* 2022) co-published by the University of Melbourne and Melbourne Climate Futures, which included input from more than 20 international researchers, looked into the land-use pledges built into all countries' climate commitments. It found that they would require the use of almost 1.2 billion hectares of land – almost the equivalent of the total global land area used for crops (Dooley *et al.* 2022).

Furthermore, how do we use land for carbon abatement without harming local populations or existing fragile ecosystems? How do we plant the right trees in the right places, and make sure they grow for decades and aren't affected themselves by climate changes (or bushfires)? This needs

to be done equitably too. Yet these things are all secondary concerns for international financiers and fossil-fuel company directors. In fact, the abatement of carbon is itself secondary in the creation of carbon credits.

In January 2023, *The Guardian* reported that more than 90 per cent of offsets certified by the world's biggest carbon standard body, Verra, were likely to be 'phantom credits'. A nine-month investigation into Verra's rainforest credit certification found it did not represent genuine carbon reductions. Verra 'approves three-quarters of all voluntary offsets [globally] [...] and its rainforest protection programme makes up 40 per cent of the credits it approves' (Greenfield 2023). The investigation also revealed that Shell, one of the five largest oil companies in the world, had set aside \$450 million for carbon offsetting projects, and that at least three Shell staff sit on advisory groups for Verra (Shell is also the owner of an Australian firm, Select Carbon, which has 70 carbon farming projects across Australia).

Verra is not involved in underpinning Australia's legislated carbon offsets, but Verra-certified credits are nevertheless approved by Climate Active, the government initiative steering an 'ongoing partnership' with Australian businesses 'to drive voluntary climate action' by endorsing and approving corporate emissions reduction plans and claims. A sharper description for operations like this is 'state-sponsored greenwashing' (Hemming *et al.* 2022). Using Verra-certified credits (and others approved but also not checked by Climate Active), member companies such as AGL, Ampol, Alinta, Qantas, EnergyAustralia, Origin and Tokyo Gas have been able to make spurious 'carbon neutral' claims using near-useless credits. This has been done with the active support of successive federal governments, because carbon credits are what the 'net zero' edifice is built upon.

### **Emissions reduction**

Australia once had an economy-wide price on carbon, courtesy of the Gillard government. Now it has only an Emissions Reduction Fund and a Safeguard Mechanism, which applies to facilities that produce 100,000 tonnes or more of CO<sub>2</sub>-equivalent emissions a year – currently around 215 facilities but likely to rise. The Emissions Reduction Fund was established in 2014 as an expansion of prime minister Tony Abbott's 'direct action' policy. The Safeguard Mechanism, which came into effect in 2016, established a threshold for when companies had to buy carbon credits to

offset emissions. These are now enshrined as the only legislated national emissions reduction policies (not counting the emissions target, which is currently little more than an empty box with '43 per cent' written on it).

The rise and fall of carbon credits as an emissions 'reduction' scheme in Australia echoes developments abroad, but our system has been forged in instructive, significant ways. More than anything else, it reflects the hold that the resources industry has over our political system. Australia's version emerged under a Coalition government that had little interest in reducing emissions. It created the market but was unscrupulous in its regulation of both carbon credits themselves and the requirement to use them. One tonne of greenhouse gas emissions could be 'abated' through the purchase of one Australian Carbon Credit Unit (ACCU), the official currency for Australian offsets.

The original Safeguard Mechanism was so badly designed that emissions by the major polluters weren't constrained at all. A sceptic might infer that perhaps it was working as intended. Either way, the evidence is clear: the emissions by the major polluters continued rising after the mechanism was introduced (Morton 2019). More significantly, if polluters did happen to have emissions reduction obligations at all, they were allowed to use as many offsets as they wished, and the government designed a system in which ACCUs could be created as cheaply as possible, using as many methods as possible. These methods (tree planting, land-use changes, and landfill gas burning, among others) were often co-designed with industry stakeholders, and the agency responsible for regulating the credits and overseeing their probity, the Clean Energy Regulator, was also tasked with issuing as many permits as possible, as cheaply as possible. It was tasked with buying them back on behalf of the government as cheaply as possible too – a clearly conflicted set of responsibilities. The regulator also became a financial supporter of its own industry lobby group, the Carbon Market Institute, whose mission is 'to help business manage the risks and capitalise on opportunities in the climate transition to a net zero emission economy'. The Institute includes such members as AGL, Ampol, AngloAmerican, BP, Origin, Shell and Woodside.

Alongside the regulator, the Emissions Reduction Assurance Committee – the independent statutory body that assesses the compliance of offset methods – included the following people: David Byers, former chief executive of the Australian Petroleum Production and Exploration Association and carbon capture lobby group CO2CRC, and former deputy

of the Minerals Council of Australia; Margie Thomson, chief executive of the Cement Industry Federation (one of Australia's largest polluting industries); and Brian Fisher, long-time lobbyist for fossil-fuel interests, campaigner against strong action on climate change, and author of the report for the Morrison government that claimed Labor's modest 2019 climate policy would be a 'wrecking ball' through the economy.

A handful of companies now dominate the Australian carbon-credits market; and they are increasingly influenced by fossil-fuel interests. In fact, all the largest carbon aggregators dealing in the carbon-credits market are now either part-owned by companies with major gas interests or count ex-resources executives as directors and/or major shareholders. The incentive for big polluters is obvious: if required by law to abate or offset emissions, why not find a way to profit from it? There is little incentive for the carbon-credit industry to produce a product (*i.e.* abatement) of any actual worth: the credits' creators, traders and buyers have no genuine stake in the integrity of the credits. Polluters just need the piece of paper, farmers and traders want the cash and the government needs to meet its targets. Together, they have created the ideal, frictionless profit machine.

Other links between key personnel among the regulators and profit-seeking enterprises are indicative. The chair of the Climate Change Authority (CCA), whose task is to provide independent advice to the government on climate policy, is also the chair of GreenCollar, the largest carbon-credits aggregator in Australia. Grant King is the former head of Origin Energy, former director of Australian Petroleum Production and Exploration Association, former chair of the Energy Supply Association of Australia and former president of the Australian Gas Association, and is also on the board of GreenCollar's parent company, Green Climate Co. This company, in which King owns shares, is also the ultimate owner of a share of the biggest soil-carbon credit trader in Australia, Agriprove, which is linked by ownership with other major aggregator, Corporate Carbon. The deputy chair of the CCA, Susie Smith, was a long-time manager at gas company Santos and is now chief executive of the Australian Industry Greenhouse Network, a lobby group for the fossil-fuel industry that supports the 'net zero' ambition but has been largely unsupportive of specific climate policies. Another CCA board member with carbon-trading interests – but not the only other one – is Mark Lewis, director and a shareholder in Australian Integrated Carbon, which is part-owned by Japanese companies Mitsubishi and Osaka Gas, shareholders in large Australian gas projects.

## Carbon credits

In March 2022, an Australian National University research team, headed by professors Don Butler and Andrew Macintosh (who was also the former chair of the Emissions Reduction Assurance Committee), raised serious concerns about the Australian carbon credits scheme. In a series of papers, the team outlined systemic flaws in the way credits were issued, finding serious governance problems, and revealed that low integrity credits were wasting billions of taxpayer dollars. The ANU team stated: ‘Our analysis focused on three of the fund’s most popular methods – avoiding deforestation, human-induced regeneration of native forests and combusting methane from landfills. These account for 75% of the credits issued under the scheme. We found that more than 70% of the credits issued under these methods do not represent genuine emissions abatement’ (Macintosh and Butler 2023).

Moreover, the ANU team’s analysis, which has since been echoed by other organisations including the Wentworth Group of Concerned Scientists and the CSIRO, found that the scheme was flawed from the outset. The ‘human-induced regeneration’ method, for example, allocates carbon credits for projects that remove vegetation ‘suppressors’ (such as cattle and weeds) from land to allow the return of native forest. But the analysis found that, in practice, this method can allow credits to be issued for areas that were already forested; what’s more, it appeared to be crediting abatement for the return of forest cover that was in fact driven by rainfall. Further research found that in areas where millions of carbon credits had been allocated to projects to store carbon, the overall tree and shrub cover had actually *declined* (Macintosh *et al.* 2023).

The ‘landfill gas’ method issues carbon credits to projects that capture methane emitted from landfill sites and combust it using either a flare or an electricity generator. The ANU team found that two-thirds of the abatement credited under this method would have occurred anyway: landfill gas companies were already doing it. This ‘non-additional’ abatement earned ‘approximately 19.5 million Australian carbon credit units (ACCUs), or almost 20% of the total number of ACCUs issued under the ERF to the end of 2021’ (Macintosh 2022). Even companies making money from the scheme issued a statement drawing attention to the ridiculousness of the situation. The Clean Energy Regulator, on the other hand, continued to defend the integrity of the system.

The ‘avoided deforestation method’ issues credits to projects for not clearing specific areas of forest in western NSW that could theoretically otherwise be cleared (*i.e.* that were eligible to be cleared under a particular type of permit). Analysis of historical clearing rates in these areas by The Australia Institute (Merzian and Schoo 2021) demonstrated it would have implied a land-clearing rate at least 750% higher than the already high historical state average. Put simply, the avoided deforestation method awarded credits for clearing land that was never going to be cleared because carbon aggregators had convinced some farmers to attest that they *were* going to clear their land, but now they weren’t. That is, they were rewarded for doing nothing.

It is generally assumed that carbon credits are about trees being planted, but this activity represents just 2.5% of all credits issued by the government, according to Andrew Macintosh and the official ERF register (Macintosh *et al.* 2023). The vast majority of credits created are perversions of officially approved methods. This is the natural consequence of the architecture of the system because the government asks carbon traders to deliver credits at the lowest possible price – and the cheapest way is by doing nothing at all.

### **A policy mix combining credits and safeguards**

In 2022, after the election of the Labor government and amid rising criticisms of the Safeguard Mechanism and the carbon credits system, the new minister for climate change and energy, Chris Bowen, announced a re-evaluation of both, foreshadowing a tightening of the Safeguard Mechanism. Professor Ian Chubb, former chief scientist, was invited to undertake an independent review of the controversial carbon credits scheme. This long overdue re-evaluation seemed to indicate that we would all learn how the new government intended to approach climate policy, beyond the aspirational ‘net zero’ rhetoric and the push for more renewable energy.

During its final year in Opposition, Albanese’s Labor Party had played a sensible, if overly safe, game on the climate issue, not wanting to alarm the business community but also offering the public a point of difference from a Coalition government that has come to be recognised as wilfully negligent. The fact that Australia’s second- and third-largest exports, coal and gas, were critical contributors to the global climate crisis was an

inconvenience that Bowen, Albanese and colleagues evidently could ill afford to discuss. So, with great diligence and discipline, they responded to every campaign-trail question about climate change by pivoting, unfailingly, to renewable energy and Labor's plan for net zero, skating over the fact that climate-change mitigation also requires that fossil-fuel extraction (and exportation) be rapidly reduced.

Safeguards of some sort would need to save the day. The draft of the new safeguard legislation was released before the Chubb review was even due to report, and, as under the Coalition, its conception of mitigating emissions rested heavily of the use of offsets. In fact, while the big polluters would theoretically need to reduce their emissions by 4.9% per year until 2030, the 'reduction' could still be done entirely through offsets. This would, after all, be the cheapest way to meet their targets. So, the question of how thoroughly the Albanese government would review the integrity of its offsets policy framework remained crucially bound up with interests and integrity of the key industry players. Minister Bowen also attended industry events while the review was taking place, talking up the importance of carbon credits and encouraging participation in the market.

Of the three other members appointed to the Chubb review panel, two were linked to companies that profit from current carbon offsetting arrangements, another was touting the potential of carbon credits on behalf of her investment fund, and the review's secretariat staff had been seconded from agencies responsible for the original design of the credits.

The Chubb review was released in early January 2023 and found, as its critics predicted, that the whole system was basically sound. 'In recent times', the review said,

the integrity of the scheme has been called into question – it has been argued that the level of abatement has been overstated, that ACCUs are therefore not what they are meant to be, so that the policy is not effective. The Panel does not share this view [...] The Panel concludes that the scheme was fundamentally well-designed when introduced (Chubb *et al.* 2022)

Equally predictably, it proposed some small changes 'to improve the scheme: to clarify intention where necessary; to clearly identify (and separate) the key roles of integrity assurance, regulation and administration; to remove unnecessary restrictions on data sharing; to enable free prior and informed consent; and to improve information and incentives' (Chubb *et al.* 2022: 2). The inference was that some tweaks to

an otherwise sound policy program would suffice. Even though problems had been identified, all existing credits would be honoured, and while the ‘avoided deforestation method’ was recommended to cease (for reasons relating to the age and limited remaining number of land-clearing permits in the relevant land areas), the many millions of existing credits generated under this method would continue to generate offsets.

It is difficult to understand how the Chubb panel had reached its conclusions because it didn’t provide evidence to support them, or much detail and analysis. To inform its considerations, it had commissioned the Australian Academy of Science to review the various credit-generating methods. Yet there was no sign that Chubb’s panel had even considered the resultant findings, which, as it turned out, were very critical. In one strange paragraph, the Chubb review cites the criticisms levelled at the scheme but rebuts them as follows: ‘While the Panel was provided with some evidence supporting that position, it was also provided with evidence to the contrary’ (Chubb *et al.* 2022). What was that contrary evidence is not specified: we just have to take their word that it was convincing.

### **A case study of Woodside’s Scarborough project**

A practical case study can help to clarify how, in practice, the proposed changes to the Safeguard Mechanism would affect the likely emissions resulting from a new gas-mining project. The project is the Scarborough project, which Woodside is developing, with the support of both current and former federal governments. It involves exploitation of an offshore gas field on the Pilbara coast in Western Australia; and it is expanding the associated Pluto LNG processing facility onshore near Karratha.

If it all proceeds, the combined greenhouse emissions from the Scarborough/Pluto development are expected to total approximately 1.4 billion tonnes over the estimated 25-year lifetime of the project (Hare 2022). This figure includes both direct and indirect emissions: that is, both ‘scope 1’ emissions from the extraction, processing and transport of the gas by Woodside, and ‘scope 3’ emissions from the burning of that LNG by those who purchase it. As pointed out by Bill Hare (2022), a climate scientist and member of a UN expert group on net-zero commitments, 1.4 billion tonnes of additional emissions is more than three times Australia’s current annual emissions.

How will this be manageable under Labor's new Safeguard Mechanism? Even taking into consideration the tweaks to the carbon-credit scheme that the government is introducing as a result of the Chubb review, the likely future emissions are mind-boggling. The law will still require companies to count only their scope 1 emissions, which in the case of gas projects typically comprise just 10% of total emissions. For the Scarborough project, this equates to around 3 million tonnes. And Woodside can buy offsets to cover its emissions reduction obligations, which in the project's first year of operations would equate to 4.9% of its scope 1 emissions: 147,000 tonnes. This would amount to just half of one percent of the total annual emissions, at current prices, this would cost roughly \$5 million. It might cost even less than that because the government has already flagged 'flexible compliance arrangements' and 'tailored treatment for emissions intensive, trade-exposed facilities', and has offered an initial \$600 million of taxpayer funds from the \$1.9 billion 'Powering the Regions' fund to subsidise companies' costs in cutting emissions (Department of Climate Change, Energy, the Environment and Water 2023).

Notably, Woodside has been accumulating carbon credits over the past few years, presumably whenever prices were low. Woodside's chief executive, Meg O'Neill, recently announced that the company has already acquired nearly all the carbon offset credits it needs for its 2030 emissions reduction target (Packam 2022), meaning it has already covered the cost of business as usual, and has no need to actually reduce its emissions. This is hardly surprising: it is a fossil-fuel company that is actively expanding its operations, with the encouragement of the government.

The Safeguard Mechanism aims to deliver a total (for the 215 major polluters) of 205 million tonnes of greenhouse-gas abatement by 2030. This, averaged out, is less per year than Scarborough alone will add to the atmosphere. And, if the 215 largest polluters covered by the mechanism wish to achieve such 'abatement' entirely by buying offsets, at current prices and averaged over the years to 2030, this would cost approximately \$900 million per year – between all 215 of them. If that sounds like a heavy impost, consider this: the federal government currently subsidises fossil fuels to the value of \$11 billion per year (Climate Council 2022). It has also promised \$1.9 billion to the Northern Territory's Middle Arm Petrochemical plant, which will convert fracked gas from the Beetaloo Basin. Consider too, as recently pointed out by energy and financial analyst Tim Buckley (2022a), that the fossil-fuel corporations operating in

Australia (a subset of the 215 major emitters) made \$120 to \$140 billion gross profit last year on exports of Australian LNG and coal.

This case study indicates that the Safeguard Mechanism, in both its existing and proposed forms, will primarily safeguard corporate profits and provide 'certainty' for fossil-fuel companies to continue to expand, without reducing real emissions, for the foreseeable future. The relief shown by the heavy industry companies when the draft Safeguard Mechanism bill was released in January 2023 was palpable.

### **Investors in environmental markets**

Another political economic factor needing to be faced is that the policy environment is increasingly dominated by investors in environmental markets. The slow creep of resources companies and their executives into carbon-trading businesses in Australia has been accompanied by the incursion of other carbon-credit investors onto the boards of not just the Climate Change Authority but also the Australian Renewable Energy Agency and Clean Energy Finance Corporation, promoting investment in each other's businesses.

Many of Australia's biggest environmental organisations also have various links to the carbon markets: WWF Australia's president is Martijn Wilder, the founder and chief executive of Pollination, which has a commercial interest in carbon trading; Australian Conservation Foundation's former chairs, executives and directors include Don Henry (Natural Carbon), John Connor (Carbon Market Institute) and Mara Bun (GreenCollar); and The Nature Conservancy, Bush Heritage Australia, Australian Wildlife Conservancy, Pew and Greening Australia have all been involved in carbon-offset projects. This is not to imply any wrongdoing on their part, only that it has had the general effect of quieting criticism of offsets.

Many former environmental policymakers and departmental staff members have moved into carbon trading and related environmental advisory firms, and major financiers and private equity players, led by Macquarie, EY and HSBC, have come to see environmental offsets and other related derivatives as a new investment class: 'natural assets'.

This in turn has yielded entities such as Xpansiv, a global-trading platform for environmental assets, which was born out of Australian firm CBL Markets in 2019. Xpansiv lets investors trade digital assets such as

renewable-energy credits and claims to execute at least 90% of all exchange-traded voluntary carbon credit transactions globally. It is valued at around \$1.8 billion and backers include Macquarie Group, Occidental Petroleum and BP Ventures.

Environment Minister Tanya Plibersek recently called for a ‘Green Wall Street’ (Slezak 2022); and has been busily planning a biodiversity offsets market in which every endangered species of flora and fauna will be protected not by regulation but by a price. This warrants separate investigation because it is unclear how a market of financial instruments with a similar design to Catholic ‘indulgences’ (in this case, for property developers and miners paying for their sins) could save fragile ecologies. Or should we be relieved that big money is moving into environmental engagement?

### **Political implications**

Over time, the pressure to reach the Labor government’s target of 4.9% emissions abatement each year will become a more significant financial penalty, even if it is only done via cheap offsets. One danger, apart from the obvious one that heavy polluters will continue to heavily pollute, is that a future government could loosen the law again; the policy only runs until 2030. Another possibility is that the international community may recognise that Australia is gaming the system and impose a carbon-border adjustment tax on our exports.

In the meantime, offsets are evidently here to stay as a key policy component. Yet the politics is proving fractious. The Albanese government’s legislation to amend the Safeguard Mechanism had an extraordinarily troubled passage through parliament in 2023. Not surprisingly, Opposition leader Peter Dutton flagged the Coalition’s disapproval early, making the government need the combined votes of the Greens and two other independent Senators to pass its bill through the Upper House. The predictable catch-cries were: the Greens must not let ‘the perfect be the enemy of the good’ and independent senators ‘need to be realistic about not getting everything they want’. But some very tough negotiating ensued, because both the Greens and independent Senator David Pocock consistently stated their opposition to any new coal or gas projects and to the unlimited use of offsets to achieve abatement goals. The short-term success in getting the legislation through the Parliament does

not obviate the political reality that the push for taking a firmer stand is growing and can be expected to strengthen further over time.

The arguments for a firmer stand, as expressed by Pocock and the Greens in Parliament and, more generally, by a growing array of critical environmental organisations and concerned citizens, are cogent and reasonable. First, the growing market for carbon offsets is not producing lower emissions. Second, facilitating the continued export of fossil fuels has neither ethical justification nor practical contribution to reducing the global problem of climate change. Climate Analytics recently reported that for every carbon credit unit generated to offset 1 tonne of CO<sub>2</sub> equivalent emissions from LNG production in Australia, around 8.4 tonnes go into the atmosphere once the gas has been exported and burned overseas (Wilson *et al.* 2023).

## Conclusion

Australia is the third-largest exporter of fossil fuels in the world, and global carbon dioxide emissions from all human activities hit record highs in 2022, rising above pre-pandemic levels, according to an analysis by the Global Carbon Project, an international body of scientists. Australia has objectively more, not less, of a responsibility to rapidly reduce the world's use of these fuels. Yet the Albanese government continues to use a similar justification as the preceding LNP Coalition governments - that the nation's export of fossil fuels is just responding to global demand, and other nations need to be responsible for their own emissions. But arguments that 'we just supply the product' and 'it's not our problem what other countries do with it' are poor substitutes for moral responsibility; and they are not acceptable in other contexts. Governments, it is widely agreed, can regulate illicit drug use, access to guns and asbestos production. Yet there is evidently deep reluctance to impose laws that might crimp the profits of fossil-fuel companies, even when the destruction of our planet is at stake.

Notwithstanding the Albanese government's claims to be making more progress on environmental and climate change policies than its Coalition predecessors, there is evidently a very long way to go. The political economy of reining in the power of corporate capital, especially the transnational companies with entrenched interests in fossil fuels, is the key issue. Therein lies a fundamental contradiction, however, because it is the

power of corporate capital to constrain, even to shape, public policies that limits the possibilities for progress. But progress in dealing with climate change is different from other fields of public policy, because failure to curtail carbon emissions spells global disaster – for corporations as well as for humans and other species.

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*This is an edited adaptation and update of an article published previously in The Monthly in March 2023.*

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