

# Sustainability

## National emissions heading in the wrong direction

**Australia's latest National Inventory Report, which provides estimates of Australia's greenhouse gas (GHG) emissions by sector, has just been published.** It provides important, sector-level insights into progress towards meeting Australia's climate targets, highlighting where progress is being made and where potential challenges are faced.

This report is prepared to meet Australia's international GHG reporting requirements under the Paris Agreement.

According to the report, **national net emissions rose by 3% in 2022/23 from the previous year**, signalling a setback in Australia's trajectory towards its reduction targets and placing Australia's emissions 25.9% below the 2004/05 baseline.

Year-on-year increases in emissions were seen across all sectors except waste. Removals in the land use, land-use change, and forestry (LULUCF) sector contracted.

**Agricultural emissions made up 18.2% of Australia's net national emissions.** The sector's 3.5% YOY increase was driven by increased livestock numbers and strong production connected with favourable La Niña conditions.

Enteric fermentation remains the dominant source of agricultural emissions and presents a persistent challenge for achieving direct

reductions within the sector.

Compared to 2004/05 baseline levels, the LULUCF sector has shifted from being a source of emissions to a substantial carbon sink due to reductions in land clearing, increased forest cover, and improved fire management.

In 2022/23, the LULUCF sector was responsible for 73.7MT CO<sub>2</sub>e of removals, which is equivalent to 16.3% of national emissions. The small decline in removals from the previous year was attributed to increased fire activity and reduced soil carbon sequestration as La Niña conditions waned.

**These results underscore the dual impacts of the agriculture and land sector as both an emissions source and sink.** The trends also point to the sector's exposure to climatic conditions in terms of its emissions impact. Due to the time lag in reporting, the impacts of climatic conditions aren't known right away. However, if future data continues to reflect the transition away from the wetter La Niña period, the trend of moderating LULUCF removals could continue.

**The results in the National Inventory Report can inform climate policy development** by providing quantified measures of progress that indicate whether current policies are driving sufficient progress towards national targets.

### What to watch:

- **The Climate Change Authority's (CCA) advice on a suitable 2035 emissions reduction target is currently under development** – Australia is required to submit its 2035 targets under the Paris Agreement to the United Nations Framework Convention on Climate Change (UNFCCC) by September. It is seeking independent advice from the CCA to determine appropriate targets based on sector-level analysis of emissions reduction pathways while examining trade-offs and opportunities.



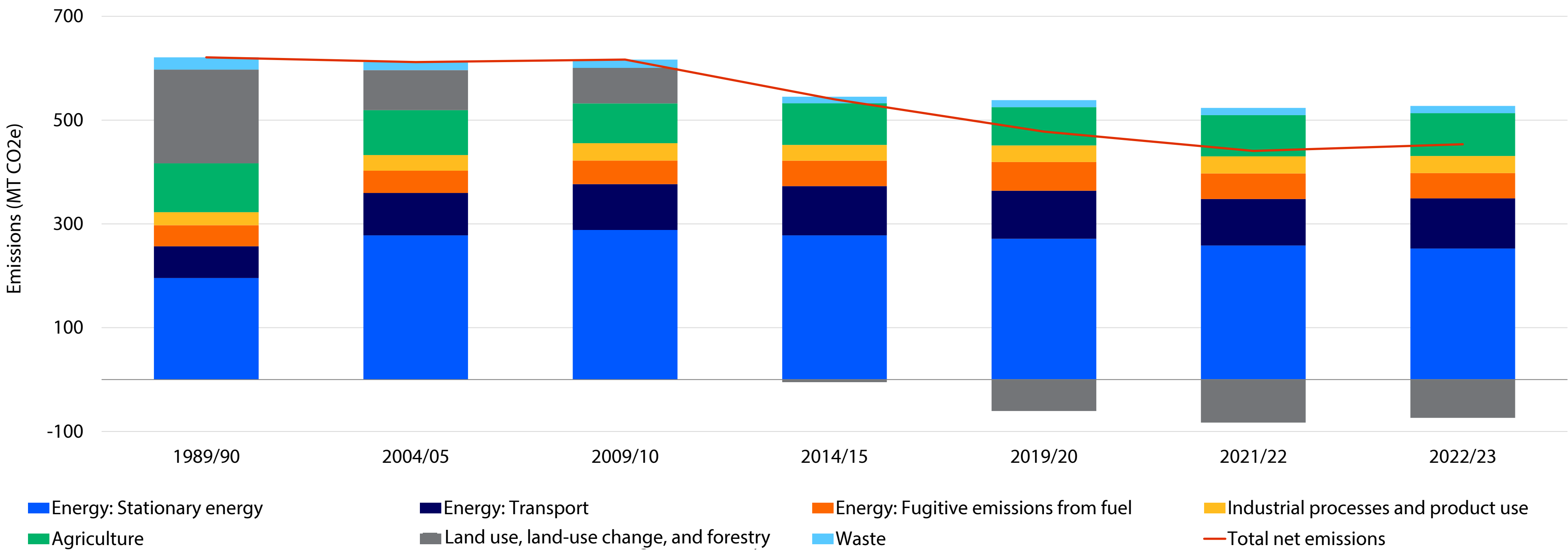
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## Stalled progress towards Australia's national emissions reduction targets

Small rise in Australia's national emissions ahead of 2035 target-setting deadline



Source: DCCEEW National Inventory Report 2023, RaboResearch 2025